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NEWS SUMMARY

GENERAL
Pressure on health pay policy grows
The Government came under pressure to relax the tough line on National Health Service pay, which has provoked industrial action.
The National Association of Health Authorities passed a resolution at its annual conference in Brighton calling on the Government to re-examine its 4 per cent pay offer to health workers.
The resolution was approved immediately before Health Secretary Norman Fowler addressed the conference. Page 5

BUSINESS
\$ falls; equities and gilts recover
● DOLLAR fell to DM 2.395 (DM 2.411). SwFr 2.0475 (SwFr 2.0575) and Y247.5 (Y249). But it rose to a record FFr 6.325 (FFr 6.295). Its trade weighted index was 116.7 (117.2). Page 23
● STERLING gained 1 cent to \$1.775. It fell to DM 4.2525 (DM 4.2575), was unchanged at SwFr 3.635 and rose to FFr 11.235 (FFr 11.11). Its trade weighted index remained at 94.4. Page 23
● GOLD fell \$2.375 to \$326.5 in London. In New York, the Comex June close was \$327.75 (\$326.75). Page 21
● EQUITIES rallied on news of the ceasefire in Lebanon.

Poland rebuked
The International Labour Organisation, in Geneva, rebuked Poland for suspending the independent trade union Solidarity.

Ulster blast
A policeman was killed and two others seriously injured when a bomb exploded while they were searching a Londonderry garage.

Leader re-elected
The Official Unionist Party in Northern Ireland unanimously re-elected as leader James Molyneux, MP for South Antrim.

Rail warning
Transport Secretary David Howell warned that the rail network's future is in jeopardy unless BR can deliver on productivity. Page 5

Letter apology
The Economic Secretary to the Treasury, Mr Jock Bruce-Gardyne, apologised to the Premier for his comments about the Falklands crisis revealed in a private letter, which was stolen, with the contents subsequently disclosed in the New Statesman.
Mrs Thatcher saw him, after which he retracted the reported comments.

Telecom threat
The 130,000-strong Post Office Engineering Union said it will take "industrial action if necessary" to stop the privatisation of British Telecom. Page 5

Blaze death
Bachelor Norman Wood, 57, died after dousing his body with petrol and setting himself on fire in a Hartlepool park.

Camel mascot
A camel which was in a film with Anthony Quinn is being flown to Spain as Kuwait's mascot for the World Cup soccer finals, which start tomorrow. Bookmakers have made Brazil 15-8 favourites and England 10-1. Feature, Page 17

Test score
England were 433 all out and India 92 for five at the end of the second day's play in the First Test, at Lord's.

Briefly . . .
Turkey is to hold a referendum in a new constitution by November 14. Page 2
Baby boy was found dead in his home in Stockport, after a fire.

GRIEF PRICE CHANGES YESTERDAY
(Prices in pence unless otherwise indicated)

RISES		FALLS	
Esor 14pc 1986 . . . £102 1/2 + 1	Williams Faber . . . 483 + 11	Burco Dean . . . 25 - 3	Channing . . . 380 - 20
Treas 14pc '86-01 . . . £103 1/2 + 1	Candeece . . . 237 + 9	Minet . . . 215 - 6	Sonic Sound . . . 44 - 4
Bairstow Eves . . . 55 + 4	Marinec . . . 125 + 13	Ward Goldstone . . . 75 - 27	De Beers Deft . . . 194 - 9
Control Secs . . . 43 + 21	Shell Transport . . . 228 + 3	Wigfall (HL) . . . 112 - 5	Pacific Copper . . . 60 - 8
Erskine House . . . 55 + 4	Sun (UK) Rity . . . 285 + 15	Wolkom . . . 333 - 20	
Geers Gross . . . 156 + 8	Barlow Higgs . . . 69 + 9		
Greatesmans A . . . 310 + 30	CRA . . . 172 + 10		
Health (C. E.) . . . 338 + 13	Cons Gold Fields . . . 342 + 9		
Horizon Travel . . . 205 + 7	REZ . . . 388 + 11		
Jardine Matheson . . . 173 + 11	Western Mining . . . 196 + 3		
Pilkington . . . 235 + 10			
Plessey . . . 468 + 8			
Routledge Kegan Paul . . . 245 + 20			
Royal Insurance . . . 360 + 13			
Sin Life . . . 60 + 6			
Secdno City Props . . . 356 + 16			
Sun Life . . . 545 + 10			
Turner Newall . . . 66 + 3			
UKO Int . . . 42 + 3			
Vickers . . . 154 + 5			

Israel and Syria agree to ceasefire

BY DAVID LENNON IN TEL AVIV, ANTHONY McDERMOTT IN BEIRUT AND PATRICK COCKBURN IN DAMASCUS

ISRAEL and Syria agreed yesterday to a ceasefire in Lebanon which left Israel in control of nearly half the country after a week of fierce fighting.

No ceasefire was negotiated with the Palestine Liberation Organisation and heavy exchanges between Israeli troops and the Palestinian guerrillas south of Beirut were reported long after more generalised fighting had died out at noon.

Mr Yasser Arafat, chairman of the PLO, merely reconfirmed his acceptance of the UN resolutions which called for a cessation of hostilities and an unconditional Israeli withdrawal. Syria also agreed to the ceasefire on condition that the Israeli forces withdrew.

The ceasefire between Jerusalem and Damascus was demanded by the Americans, who now face the uphill task of working out an arrangement for Lebanon which will convince the Israelis that they can withdraw confident that their settlements in the north of Israel will not again be within range of Palestinian artillery. It was unclear last night how

the continuing battles between Israeli troops and the Palestinian forces would affect the attempt to reach a political settlement.

The army spokesman in Tel Aviv said Israeli troops were not advancing on the Palestinian formations, although the Israeli Air Force had bombed Palestinian targets.

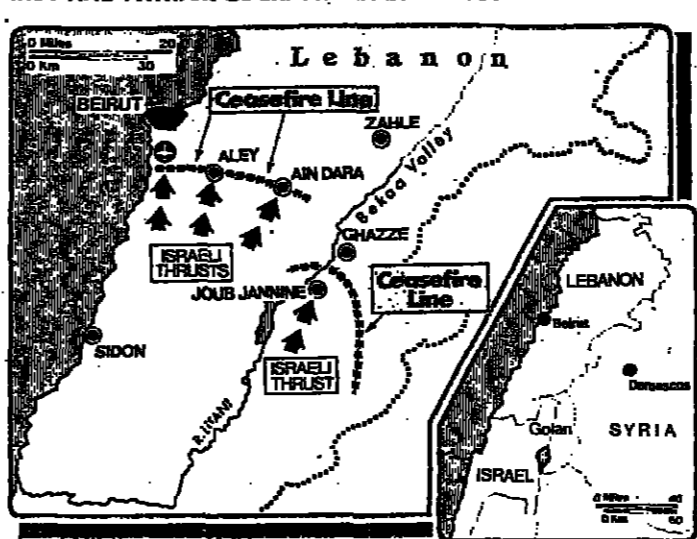
In Damascus, Western diplomats felt the truce was unlikely to hold unless there was a rapid disengagement of Syrian and Israeli forces. If clashes continued between Israel and the PLO, Syria could be dragged back into the conflict.

When the standstill came into effect, Israeli troops were on the southern outskirts of Beirut, with units just 2 miles South of the Beirut-Damascus highway at Ain Dara 20 miles East of the capital. In eastern Lebanon, Israeli armour had pushed North of Jib Jennine in the Bekaa Valley some 23 miles beyond the Israeli border.

Following American pressure and growing disquiet within the Israeli Cabinet over the expanding scope of the war, Mr

Menahem Begin, the Prime Minister, and General Ariel Sharon, his ebullient Defence Minister, agreed on Thursday night to the ceasefire.

Israel listed its casualties at over 100 killed and 600 wounded during the fighting. Among the dead was Maj Gen Yekutiel



Adam, until recently the Deputy Chief of Staff, who was due to take over as head of the Mossad, Israel's Secret Service, on Sunday.

Gen Sharon told a Press conference in Tel Aviv yesterday that he did not yet have exact statistics on the number of Palestinian guerrillas who had been killed or captured in the conflict.

"They suffered very heavy casualties and their infrastructure was destroyed," the Defence Minister said. "We managed to cause the PLO damage which will influence their activities for a very, very long period."

Syria yesterday admitted losing 83 tanks in battles in the Bekaa Valley and near the main Beirut-Damascus highway. A spokesman said 194 troops had been killed. Both figures are likely to be considerable understatements.

Fatalities among Lebanese civilians are also thought to be high, with many more wounded and thousands made homeless.

The ceasefire applied only to the frontline Israeli forces engaging the Syrians, Gen Sharon said. "We do not have a ceasefire with the terrorists." The Israeli forces would continue their attempts to "clean the area South of the ceasefire line of terrorists."

Middle East details, Page 3; Man in the News, Back Page

Secret talks on franc and EMS

BY JOHN WYLES IN BRUSSELS

A WEEKEND devaluation of the French franc within the European Monetary System seemed likely last night as secret talks between finance officials continued unexpectedly late into the evening.

Speculation about an EMS realignment intensified all day yesterday as the French franc came under fierce pressure on the foreign exchanges. The French currency was pushed to the floor of its permitted EMS value against the D-mark, despite Bank of France's intervention.

Against this background, a meeting of the Community's highly secretive monetary committee — composed of senior officials from EEC central banks and treasuries — assumed new importance.

As it ran on longer than usual into the evening, reports reaching EEC capitals confirmed that a franc devaluation could be expected. But the length of the meeting also pointed to some possible difficulties in reaching agreement on the size of the devaluation.

The French Government was thought to have endorsed the reported desire within French industry for a 10 per cent devaluation against the D-mark. But it was not clear whether this would be achieved by a full devaluation of this proportion or by a lesser devaluation accompanied by an upward revaluation of the German currency.

Bonn was expected to resist any attempts by other countries to jump on a devaluation bandwagon on the grounds that they would be making an opportunistic bid to boost their competitiveness. But German support for a franc devaluation was not in doubt.

Although last night's monetary committee might prepare the ground for a realignment, it is thought likely that EEC finance ministers will have to meet either in Brussels or Luxembourg tomorrow (Sunday).

Money Markets, Page 23

Nott pressed to silence over Falklands casualties

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE MINISTRY OF Defence in London refused yesterday for the second day running to reveal the number of casualties suffered in air attacks on Tuesday on two British landing ships in the Fitzroy area of East Falkland.

It appears that the total number of casualties is now known, and the Ministry expects to have informed all next of kin by this morning. But a high-level political source in the Ministry said yesterday that the totals will not be published for "operational reasons."

The decision not to publish the figure was apparently the result of long and tough discussions between the Chiefs of the Armed Services, speaking for the commanders of the task force, and Ministers.

It was being suggested last night that Mr John Nott, Defence Secretary, would have liked to publish the figures as soon as the next of kin were informed, but was prevailed on by the service chiefs to keep them secret.

The official blackout of news made it impossible to gauge whether the Fitzroy incident would delay the expected attack on Port Stanley, the capital of the Falklands. Two landing-ships, the Sir Galahad and the Sir Tristram, were bombed in an inlet near Fitzroy late on Tuesday. Each vessel can carry up to 500 men, but it is believed that the Sir Tristram had unloaded its men and stores. Reporters on the spot spoke of hundreds of men being hit and burst into flames.

Many are known to have escaped, but unofficial totals of 40-50 dead and about 150 injured were being circulated in Westminster yesterday.

However, a report from Argentina, quoting military sources, spoke of 50 to 900 casualties in all.

Teh Defence Ministry refused to give any guidance on these figures.

Nor was it more forthcoming yesterday on the campaign to re-take Port Stanley. It confirmed that an Argentine patrol had been encountered, and five Argentines shot, on Wednesday, and said that consolidation of forces and supplies had continued on Tuesday and Wednesday. There were no reports of action yesterday.

While Ministers would clearly like to see Port Stanley captured — or the Argentine garrison there surrender — as early as possible, it was being

Continued on Back Page
Falklands crisis, Page 3

QE2 brings survivors home to a hero's welcome

BY STEPHANE GRAY

THE FACE of Commander David Hart-Dyke, captain of HMS Coventry, looked like "a black bubbly mass of seaweed" when he boarded the QE2 at Gryttriken, South Georgia.

His flash helmet and some of his clothes had been ripped off along with a layer of skin on his face and hands.

Nearly three weeks later, Captain Hart-Dyke, his face almost completely restored to a baby pink hue, related the valor of his crew as the QE2 steamed up Southampton water. Its arrival yesterday amid a flotilla of small, hoisting boats and a rousing welcome from 6,000 gathered on the quayside.

Three bombs had struck the Coventry, a Type 42 destroyer, and taken out a large part of the port side. It was listing 50-60 degrees within minutes. The captain, the last person off, "almost walked" down the side of the ship 15 minutes later. He jumped two feet into the water and swam to a life raft which was promptly trapped beneath the ship.

He was winched by helicopter to safety on the nearby destroyer Broadsword. One of his leading seamen had held a mate in freezing water for one-and-a-half hours.

The Broadsword had not had a chance to fire its Sea Wolf missile. She had also been hit by a bomb, but there were no casualties. Her crew were simultaneously fighting fires, rescuing seamen and putting them into hot water.

The 640 survivors of the Coventry and the two Type 21 frigates Antelope and Ardent, lined up along the decks yesterday and hooted "yachties" in good humoured disparagement at the reception.

The troops let out three

Continued on Back Page
Picture, Page 2

Conservatives consider elevation of long-serving MPs to Lords

BY PETER RIDDELL, POLITICAL EDITOR

CONSERVATIVE PARTY leaders are considering the creation of a number of life peers, from among long-serving back-bench MPs, in a special list this year. Such a move would entail by-elections in the autumn and winter.

Three life peers including Mr Joe Gormley, the former miners' union leader, named in the regular birthday honours list, published today.

No decision has yet been taken on a special list, but there is understood to be pressure from Lady Young, the Leader of the Lords, for the creation of more working peers. She argues that there is a shortage of Government front-bench personnel.

Conservative leaders had been keen until recently to avoid by-elections because of the threat of the SDP/Liberal Alliance. However, after the Tory by-election successes at Beaconsfield and at Mitcham and Morden, they are now confident of holding seats.

A major problem is that the constituencies of several MPs are likely to disappear at the next general election through boundary changes. The MPs affected would be unable to be selected in place of retiring MPs, if the latter had been made peers before the election.

The last special list of working peers was in 1981, at the request of Mr Michael Foot, the Labour Party leader, who wished to strengthen his party's representation in the Lords.

The life peerage for Mr Gormley in the honours list seems certain to intensify the already strong criticisms of his behaviour from Mr Arthur Scargill, the new president of the National Union of Mine-workers. Mr Gormley has made no secret of his wish to play a part in public life after his retirement.

Sir Raymond Pennock, the former president of the Confederation of British Industry, is also made a life peer. He has regularly urged cuts in interest rates and aid to industry, though he broadly supports Mrs Thatcher's strategy.

The other life peerage is for Miss Elizabeth Carnegie, chairperson of the Manpower Services Commission committees for Scotland.

Leading industrialists are given knighthoods in the list. They include Mr Peter Green, the chairman of Lloyds; Mr Christopher Laidlaw, the chairman of International Computers; Mr John Mayhew-Sanders, the chairman of John Brown, the engineering group; Mr William Shapland, chairman of Blackwood Hodge, the earth-moving equipment concern; and Mr Alan Smith, the chairman and chief executive of Dawson

International, the textiles group.

Mr Gordon Borrie, the director-general of the Office of Fair Trading, also receives a knighthood.

The Prime Minister has rewarded a number of people who have been particularly loyal in service to her. Mr John Hoskyns, the head of the Prime Minister's policy unit until a month ago, receives a knighthood, as does Mr Robin Tobs, the former head of the Central Policy Review Staff (the think-tank).

In Fleet Street, Mr David English, the long-standing editor of the Daily Mail, is given a knighthood. The newspaper has been a strong supporter of the Tory Party and, in particular, of Mrs Thatcher herself.

Four senior Tory back-benchers are knighted — Mr Paul Hawkins, Mr Peter Mills, Mr Michael Shaw and Mr Geoffrey Johnson-Smith.

Details, Page 6

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OVERSEAS NEWS

Japanese GNP grows by only 2.7%

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN'S gross national product grew by 2.7 per cent in fiscal year 1981, compared with 3.7 per cent in 1980, the slowest rate since the immediate aftermath of the first oil crisis, the government said yesterday.

Rather more than half the total growth (1.8 per cent) was provided by the external sector of the economy during the year. But this figure masks a fairly sharp change in the economy's behaviour between the first and second halves of the year.

From April to September last year, the external sector provided more than three quarters of the growth. In the third quarter (October to December), exports made a negative contribution to GNP. In the fourth (January to March) quarter, about 75 per cent of total growth came from the domestic sector.

The very low fiscal 1981 growth figure, which contrasts with an original government forecast for the year of 4.7 per cent, means that the economy has started from a much lower base than was anticipated in fiscal year 1982. The Government's fiscal 1982 forecast of 5.2 per cent is already admitted to be at least 1.5 percentage points too high as a result of this.

Many private forecasters have suggested that a second year of less than 3 per cent growth may well be in prospect.

The very low figures (by Japanese standards) for the be-

haviour of the economy in fiscal 1981 will result in a serious tax shortfall for the year which is expected to intensify an already serious fiscal dilemma. The exact amount of the tax fall will be announced later this month but it seems almost certain to exceed ¥2,000bn (£2.5bn). This amount will have to be made up by additional issues of deficit covering bonds later this year.

Japan's economy failed to perform according to expectations last fiscal year because domestic demand stubbornly refused to pick up during the first six months of the year and because of a much greater slowdown than expected in exports during the second half. Exports were growing at year-to-year rates of more than 30 per cent at the start of the year but by only 6 per cent during the October-December quarter.

The sharp slowdown reflected the imposition of "voluntary restraints" on some Japanese export industries (such as cars) combined with sharply declining demand in Western markets.

During the January-March quarter, the GNP grew by 0.8 per cent over the previous quarter's level.

Domestic consumption made a 1 per cent contribution to overall GNP growth. The external sector contributed 1.2 per cent. There were negative contributions from sectors such as private foreign investment and housing.

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Reagan jubilant after budget battle win

BY ANATOLE KALETSKY IN WASHINGTON

A JUBILANT President Reagan declared yesterday that the U.S. is back on the road to economic strength after Thursday's "terrible victory" for conservative Congressmen in their four-month battle of the budget.

But Democratic Party leaders warned that the toughest decisions still lie ahead for the coalition of Republicans and conservative Democrats which pushed the conservative budget proposals backed by President Reagan through the House of Representatives by a narrow margin.

The House budget, which allows for a \$99.3bn (£56.3bn) deficit, will have to be reconciled over the next two weeks with a somewhat different version, also supported by the President, which was passed in May by the Senate. The Senate budget contains a \$115.9bn deficit. That should be relatively easy since both budgets are based on the same philosophy.

After a reconciled budget is passed by both chambers of Congress, however, legislation implementing each of the specific tax and spending proposals will still be required. Democratic Party leaders will then make their toughest partisan attacks. Indeed, they made clear yesterday that despite the majority they nominally control in the House of Representatives, they decided not to block passage of the conservative budget.

The party's strategy now is to allow President Reagan and the Republicans to implement their general programme and to make maximum political capital out of the hardship which the Democrats believe it will cause.

With their eyes on the Congressional elections in November, many Democrats will vote against specific spending cuts and tax increases in order to force the President and his Republican supporters to take full and open responsibility for their measures. Some of the

most contentious proposals may lead to the Congress passing spending Bills which break budget ceilings. It will then be left to the President to intervene personally to stop such popular Bills by using his veto.

The Democrats hope that even Republicans who voted for the tough budgets in the House and Senate may shrink from going on record against popular proposals just before the November elections. One possible indication of problems to come is a Bill—creating \$3bn of mortgage subsidies in order to revive the housing industry—which passed this week through both chambers of Congress despite Mr Reagan's vehement opposition.

The budget plans adopted by the House and the Senate provide for about \$20bn in new taxes in 1983 but exclude any possibility of tampering with the 10 per cent income tax cut planned for that year by President Reagan. They both permit a 7 per cent real increase in defence spending and include deep cuts in welfare, medical, housing, educational and transport programmes.

They carefully steer clear, however, of any reductions in Social Security pensions. The House budget version also rejects cuts proposed by the Senate in the "medicaid" programme for elderly people on middle incomes, cutting deeper into the "medicaid" programme for the very poor instead.

There was no inflation at the wholesale level during May in the U.S., the Labour Department reported yesterday. The zero rate of increase in the department's producer price index during May means that the annualised rate of wholesale inflation so far this year is only 0.4 per cent. For three out of the past four months wholesale prices have either fallen or remained static.

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The U.S. President, greeted by demonstrators in Berlin yesterday, faces the same problem at home



Mr Reagan at Checkpoint Charlie as police spray rock throwing protestors with water cannon.

Reagan glimpsed through security cocoon

BY LESLIE COLTIT IN BERLIN

PRESIDENT Ronald Reagan yesterday presented his vision of "genuine détente" to a selected audience of 20,000 West Berliners at Charlottenberg Palace, who waved American flags and applauded as he quoted the popular Berlin song "Berlin bleibt doch Berlin." (Berlin remains Berlin).

Outside this security cocoon, street battles raged between thousands of radical demonstrators and West Berlin riot police. Mr Reagan witnessed none of the hostilities surrounding him but to many West Berliners, who like to see the president in the flesh, his isolation left a slightly bitter taste.

When the late President John F. Kennedy visited Berlin nearly 20 years ago, the streets were

packed with enthusiastic West Berliners chanting "Ken-edy" while he responded with "Ich bin ein Berliner" from the steps of Rathaus Schoenberg.

Security has grown tighter with each successive visit by successive visits by American presidents and this time it almost entirely excluded the natives. An almost successful attempt on President Reagan's life in Washington along with threats from the West German revolutionary cells and rallies in West Germany and West Berlin against the president's nuclear policies were all to blame.

Yesterday the streets of West Berlin were almost deserted as President Reagan was driven at high speed or helicoptered from

point to point. The overwhelming majority of West Berliners who previously had said they were all in favour of President Reagan's visit, remained in their factories, offices and homes and saw the maximum security event on television. Most of the 60,000 West Berliners who had staged a peaceful protest the previous day against the President's nuclear policies also stayed off the streets after the police banned a planned anti-Reagan rally during his visit.

Several thousand young rockers and punks however gathered on Nollendorfplatz to test the police edict. Riot police surrounded them with a barrier and when some of the young people crossed it they

were met with tear gas and water cannon. The battle was joined and paving stones and Molotov cocktails rained down on the police. Cars were overturned and set afire by the rioters as barricades and shop windows were smashed and displays looted.

The demonstrators ran towards West Berlin's main boulevard Kurfurstendamm, smashing store windows on their way. It was a classic Berlin confrontation in which the rioters nearly forgot their original target and aimed their fury at the police. Scores were injured on both sides and some 200 rioters were arrested; in addition to the 80 potential trouble makers from West Germany who had tried to enter the city by car during

the night and were detained by the police.

Many more West Berliners saw the riot than were able to catch a glimpse of President Reagan visiting the wall at Checkpoint Charlie. Security officials had drawn such a wide cord around the area that apart from a clutch of newsmen only East German border guards were able to see him. Although armed to the teeth they were apparently not regarded as a danger to the President.

When President Reagan left West Berlin several West Berliners were heard to say that they felt as if he had never really visited the city. It took a replay on television to convince them he had.

New York braced for nuclear protest

By David Lascelles in New York

NEW YORK is bracing itself today for what is expected to be the largest public demonstration in the city's history—a massive anti-nuclear rally. Police are working on the assumption that half a million people will take part and have assigned thousands of extra officers to handle crowds and traffic. All week, demonstrators have been arriving. Many have camped out in sports grounds in the north of the city, others have been put up privately or in churches and synagogues. Although the rally is supposed to be peaceful, some demonstrators say they plan acts of civil disobedience, such as chaining themselves to railings, which could cause disruption of the city.

The demonstration will begin in the mid-town area, proceed past the United Nations building on Dag Hammarskjöld Plaza and then head uptown into Central Park where a massive rally is planned to start at 1 pm and last all afternoon.

Speakers will include entertainment celebrities, political figures and leaders of various civil rights and peace movements such as Mrs Coretta Scott King, the widow of Martin Luther King, Mr Bella Abzug, the former representative of New York and Dr Victor Gollub, the New York labour leader. The demonstration, which has revived memories of the peace movements of the 1960s and 1970s, has been timed to coincide with the month-long conference on nuclear disarmament at the United Nations.

Political leaders from all over the world are addressing the event. West week's speakers include Mrs Margaret Thatcher, President Ronald Reagan and possibly Mr Menzies Begin.

Turkey sets referendum deadline

ANKARA—A national referendum will be held on Turkey's new constitution by November 14 at the latest, the official Anatolia news agency reported yesterday.

Work had already begun on voter registration for the referendum, the agency said, and an estimated 25m Turks eligible to vote would be asked to file their registration in September.

Large portions of Turkey's liberal 1960 constitution were abrogated when five generals ousted the civilian government in a bloodless coup in September 1980. The generals have promised to return power to civilians following free elections scheduled to be held either in the autumn of 1983 or the spring of 1984.

A 160-member consultative assembly has been drafting a new constitution, which is expected to strengthen the executive branch.

This version is expected to be completed by July, when the National Security Council, made up of the generals now ruling Turkey with extraordinary legislative and executive powers, will study the draft and make necessary changes.

If the Turkish voters approve the new constitution, the Consultative Assembly would prepare laws for resumption of political activities.

Europe probes U.S. soda ash 'dumping'

By Sue Cameron

THE European Commission is launching an anti-dumping investigation into imports of soda ash from the U.S.—chiefly on behalf of the UK-based Imperial Chemical Industries.

ICI, which has always had total domination of the UK market, reckons it has lost almost 5 per cent of its sales in Britain to cheap, "unfairly priced" imports from the U.S. The group calculates that in some cases the dumping margin is as high as 30 per cent.

This means that after the cost of freight, taxes and duty has been deducted, U.S. material is being sold in the UK at prices 30 per cent lower than those being charged ex-factory in America.

ICI, which employs over 2,000 people in its UK soda ash business, believes the position could worsen. Last year, 46,000 tons of soda ash were exported from the U.S. to Britain. But in the first four months of this year alone over 30,000 tons came from the U.S.

U.S. soda ash is now being sold ex-warehouse at £94 a ton in Britain, ICI says. But its own price is £100.50 a ton.

The British group has the capacity to produce 1.5m tons a year. Last year it made only 1m tons—largely because demand was down as a result of the recession.

Bad weather hits Soviet grain

BY JOHN EDWARDS, COMMODITIES EDITOR

THE SOVIET UNION may suffer another poor grain harvest this year as a result of bad weather hitting key growing regions. The U.S. Department of Agriculture, which normally provides the best assessment of Soviet crops with the aid of satellite pictures, has reduced its latest forecast of the harvest this year by 15m tonnes to a lowly 185m tonnes—well below the official target of 237m tonnes.

If this forecast turns out to be true, it could have serious repercussions. It would mean that the Soviet Union has suffered four bad grain harvests in succession, in spite of strenuous efforts to boost agricultural output. No official figure has yet been given for last year's crop and this reluctance to say anything has tended to confirm rumours that output may have fallen much below 170m.

Stocks of grain in the Soviet Union are now at rock bottom levels, in spite of record imports of over 44m tonnes in the 1981-82 season. It was expected that Russia would be able to cut imports this season, if it had a reasonable crop of 200m

tonnes or so. But it will now be under increased pressure to conclude a new long-term grain trade deal with the U.S., as well as buying maximum quantities from other suppliers such as Argentina, Australia and Canada.

Extra Soviet demand might help lift grain prices from the present depressed level. However supplies available remain more than adequate, with world grain production still expected to reach a near record 1,639m tonnes this season even after taking into account the reduced Soviet crop.

OAU to pull forces out from Chad

By Quentin Peel, Africa Editor

THE Organisation of African Unity (OAU) is to pull its 4,000-man peace-keeping force out of Chad, following the seizure of the country's capital, N'Djamena, by rebel forces.

The announcement was made yesterday by President Daniel arap Moi, of Kenya, the current chairman of the OAU, after Nigeria, Senegal and Zaire, the three countries contributing to the force, announced their intention to withdraw.

The move is a rebuff for M Hissene Habré, the former Prime Minister who now controls N'Djamena, who had appealed for the OAU troops to remain.

Financing the peace-keeping force has proved beyond the capacity of the OAU, which had appealed to United Nations member states for assistance. However, withdrawal of the peace-keeping force leaves open the possibility of renewed outside intervention, possibly by Libya, in support of the defeated President Goukouni Oueddei—although that is thought by most observers to be unlikely.

Pakistan fails to persuade donors

BY DAVID DODWELL

PAKISTAN'S ATTEMPT to persuade aid donor countries to reschedule \$250m of debts which fell due for repayment early next month seemed to have failed yesterday at the end of the annual two day aid to Pakistan consortium meeting.

Pakistan's request for a 3 per cent increase in aid commitments for the year ahead has been fully met, with the 11 consortium members promising between \$1.35-1.4bn. But hopes that a larger proportion of these commitments would be in the form of fast-disbursing non-

project loans were disappointed. Mr Ejaz Naik, head of Pakistan's delegation at the consortium meeting held at the bomb-damaged headquarters of the World Bank in Paris, refused yesterday to give up hope that a debt rescheduling could be arranged. He has called for a special donor meeting in September.

But it is known that the Dutch and Canadian Governments are against rescheduling. The U.S. Government, whose backing for a meeting is essential in view of its large aid

commitment to Pakistan, ominously refused to take a view.

Aid donors were impressed with the Pakistan Government's tight management of its economy, and agreed the country's economic performance was reasonable "under difficult domestic and international circumstances."

But the failure to win backing for debt relief, coupled with the modest increase in aid commitments, is likely to aggravate Pakistan's already formidable economic problems.

Bahamas victory

The Bahamas Progressive Liberal Party Government of Mr Lynden Pindling scored a decisive victory in Thursday's general election, winning 27 of 43 Assembly seats but taking only 55 per cent of the popular vote, writes Nikki Kelly in Nassau.

Warning to Danes

A rising deficit on the current balance of payments and an outflow of capital from the private sector may make it necessary to tighten Danish monetary policy, Mr Erik Hoffmeyer, the central bank governor, told the annual meeting of the Saving Banks Association, writes Hilary Barnes in Copenhagen.

Portuguese immigrants

The Portuguese immigrant population of West Germany is 116,000 and not 200,000 as published in an article in the Financial Times on June 3, according to the Portuguese Embassy in London.

Brazilian industry winds down for World Cup

BY ANDREW WHITLEY IN LONDON AND MARGUERITE TARRANT IN SAO PAULO

BRAZIL IS preparing for a national party to end all parties when its football team steps out on to the field for the World Cup in Spain.

For four weeks from tomorrow shops and offices will empty, industry will virtually grind to a halt and any decision that can possibly be put off will be.

Three times the World Champions, Brazilian national pride was deeply hurt last time around, in 1978, when their arch-rivals Argentina beat them in the final rounds in Buenos Aires. This time 135m fans led by President Joao Figueiredo himself will be urging their team on to revenge.

For weeks, Brazilians have been preparing for their favourite obsession (matched, perhaps, by sex and cachaça, the local sugar cane alcohol). National sales of colour television sets and transistor radios in May were up 11 per cent and 20 per cent respectively on last year's figures. The cachaça distilleries have been working overtime to keep up with demand.

TV rentals are virtually impossible now. RentTV in Sao Paulo, stopped accepting orders a month ago. Colortel has only a handful of small screen models left. "I've lost five kilos running around trying to handle the extra business," complains the Colortel shop assistant.

Rio de Janeiro, always more indolent and pleasure-oriented than Sao Paulo, has gone overboard. In the past few weeks TV sales and rentals have doubled and tripled; videocassette rentals at \$130 (£72) a month are going so well it is hard to imagine Brazil in the throes of its worst recession for 30 years.

On one day this week a shop in the fashionable Copacabana district sold 40 colour television sets at over \$600 a piece, compared with between 10 and 15 on a normal day.

Most of the rentals have been to companies trying to ease the plight of the unfortunate handful of employees who must remain at work when Brazil is playing in Spain. A majority of organisations, however, are

bowing to reality and halting operations. Banks and the Stock Exchange will close early. State and federal employees will be sent home well in time. Assembly lines around the country will shut down.

How much disruption there will be depends on how well Zico, Brazil's star player, and his team do. At the very least the team must play three first round matches, and few can conceive that it will not go all the way to the final, a total of seven games.

The early games are played at 4 pm Brazilian standard time, so work need only halt for the afternoon. The later rounds start earlier in the day and thus nobody expects any work to be done on those occasions. In any case many Brazilians expect to take time off to watch the other matches as they happen.

There are no compulsory holidays and no attempts to force full-time working. But productivity, quality control and safety are all considerations for management over the next month.

The plan at Villares Industries, a large engineering and

steel-making group, is typical. A hundred television sets will be installed for a skeleton crew at safety and maintenance workers. Everyone else will be released.

Most companies expect their employees to make up the time in some fashion. At Ford do Brazil, for example, 19,000 workers have been putting in an extra hour daily since June 1, in order to have the afternoons off when Brazil plays.

Demand is generally slack and some plants welcome the chance to shut down. Most others say the production losses will not be significant on a long-term basis.

Volkswagen do Brazil ordinarily turns out 1,300 vehicles a day and during the games production will drop to 500 units a day. But assembly lines will be moving on Saturdays to make up the difference and annual production will not be affected, says the VW spokesman.

"If we forced the workers to put in normal hours, the quality of production would be badly hurt," a Villares man said. Rio

Tinto Zinc emphasised the danger of accidents if their people were obliged to show up.

Staff at Sulamerica, one of Brazil's biggest insurance groups, are working an extra half-hour during their lunch break so as to be free to watch the games. Souza Cruz, the giant tobacco company and subsidiary of British American Tobacco, will release its employees at 3 pm every day.

Retail outlets expect to feel the loss of customers severely. "The World Cup is a tragedy for turnover," acknowledges Sr Marco Solimene, director of the Sao Paulo Association of Shopkeepers. "The further Brazil goes in the World Cup, the worse it is going to be for the shops. Let's hope Brazil wins, then people will be happier and perhaps sales will improve."

Most shops and shopping centres in Rio de Janeiro are closing their doors while Brazil's heroes take to the field, to re-open later on. Those in Sao Paulo will stay open with a reduced staff. Most shop owners are gamely hoping for the best and would not predict what the



Brazil soccer team practice in Spain

World Cup might cost, in lost sales.

Hotels and restaurants hope to turn the games to their advantage. Clyde's, a popular Sao Paulo eating place, has mounted a large-screen projector TV to draw customers.

The Maktoud Plaza Hotel, Sao Paulo's fanciest, has installed 22 TV sets in a banquet room where 800 guests can eat, drink and enjoy the competition.

The Sao Paulo Hilton is promoting ethnic foods with a football theme: besides Feijoida, the Brazilian national dish of pork and black beans, there will be Chicken Kiev and Beef Stroganoff when Brazil meets the Soviet Union; woodcock and devilled beef for the game against Scotland; and Calalou, a fish soup with spinach, to honour Cameroon.

The tribulations of the humanised orange Page 17

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OVERSEAS NEWS

As the Middle East ceasefire is announced, FT writers assess differing views

Sound and fury subsides in Lebanon

We were not crushed say PLO

BY STEWART DALSY IN METULLA

THERE are worse places to be confined than Metulla, if you want to reach the Israeli front line inside Lebanon...

It has, nevertheless, been a frustrating incarceration for the last two days... While the Israeli forces sealed holes in the border fence...

With the announcement of the Israeli unilateral ceasefire yesterday at 10 am GMT it became clear—assuming Israeli claims are true—that not only have they managed a substantial victory against the Syrians...

According to Mr Ariel Sharon, the Israeli Defence Minister, the Israeli front line on the western front is just short of Beirut International airport.

On the central front, it has reached as far as a spot called

Ain Dara, which is some 5 kms south of the main Beirut-Damascus highway just above Ain Zhalta.

On the eastern front, which is the one which seems to have caused most of the trouble for the Israelis, they have reached a point called Ghazze, north of Jubb Jaminne.

This last position would mean that, during Thursday night, the Israelis made a lightning push up the Bekaa and drove the Syrians and remnants of the PLO back from the bottom of the large lake at El Qaroun.

From there they were shelling Hasbaya and were almost in range of Marjayoun, the headquarters of Major Sa'ad Haddad and his Christian militia.

Technically, therefore, the Israelis have achieved their one publicly-stated objective before declaring their ceasefire: namely to establish a 40-kilometres wide "cordon sanitaire" along Israel's northern border so that kibbutzim and towns of northern Galilee will no longer be vulnerable to shelling.

Mr Sharon appeared to indicate, however, that this was not the overall plan when in his Press conference he said: "Our strategy was to reach the coastal town of Sidon say large sections of it have been levelled."

The offensive has not been brought to a fragile ceasefire without considerable cost. Yesterday, it was announced that 23 people had been killed on Thursday.

The assumption was that these casualties were in the Bekaa Valley. One of those killed was a popular and senior officer, Major-General Yakutiel Adam who had once been deputy chief of staff and who had been tipped as the next

head of Mossad, the Israeli secret service. It is not known where he was killed, only that it was in an ambush. His death, however, has caused shock waves in Metulla.

All told, the Israelis have suffered 100 dead and over 600 wounded. In 1978 the campaign into Lebanon, deaths were in the mid 20s. The 1978 offensive was just a series of hammer blows compared with the steamroller of this drive.

There are no official figures for the number of forces committed to the offensive, but it is difficult to imagine that less than 60,000 troops have been thrown in, and the figure could be as high as 100,000.

The losses on the other side have been enormous. Correspondents who have managed to reach the coastal town of Sidon say large sections of it have been levelled.

They describe women and children walking among the rubble in a daze, pleading for water and food and asking incoherently where their daughters and sons have gone, and trying to locate their former homes among the rubble.

The 84 aircraft losses of Mig 21s and 23s by the Syrians represent a substantial chunk of their 450 fighter aircraft. The losses in terms of men and

armour have been equally daunting for them, although no casualty figures have been given.

There were thought to have been some 5,000 PLO men in southern Lebanon, but the Israelis admit only to more than 100 prisoners.

Mr Sharon said: "We have inflicted heavy casualties on the PLO. We have destroyed their infrastructure. We have managed to cause the PLO much damage which will influence their activities for a very long time."

But has Israel really put the PLO out of business? As one military spokesman said here this morning: "It may seem like 10 years, but this war is only six days old."

The Israelis have rushed north at such a pace that there is clearly a lot of mopping up left for them to do. It is difficult to see how they can create a cordon sanitaire without a protracted guerrilla campaign which would mean an indefinite stay in the country or an effective dismemberment of Lebanon.

After all, 1978 was meant to have solved the PLO problem in southern Lebanon. Despite the presence of nearly 6,000 UN troops, however, the Israelis have again found it necessary to invade a neighbouring state.

Until the very last minute of the ceasefire, and perhaps slightly beyond, Israeli jets were coming over Beirut drawing anti-aircraft fire.

The fact that the Israeli Cabinet decided on a ceasefire is being seen here as indicating that the week-long invasion has not been successful. It is certain exaggerated to consider it as "Israel's graveyard" as Mr Bassam Abu Sharif, an important member of the leadership of the PLO, did on Thursday.

Israel can claim some successes on the ground which could be used as justification for the enterprise.

First, Israel holds territory beyond the 40 kms cordon sanitaire which it had wanted to establish. It has taken Beaufort Castle, a key Palestinian position in the south, and caused grave harassment to Palestinians elsewhere in Sidon and Tyre.

Second, the mere holding of territory provides a certain quid pro quo for future negotiations, especially when they concern the future positioning of Syrian forces in Lebanon.

Third, if Israel has destroyed not just the Sam-6 missile units in the Bekaa Valley but also two others brought in more recently, then Israel must claim these as a gain, even though they were a menace only to Israeli aircraft flying over Lebanese territory.

Fourth, but somewhat cynical factor, could be added. The driving of the Palestinians north has meant literally forcing them more closely into the Syrian embrace.

The PLO has not been overwhelmed by the extent of Syrian help.

As Mr Mahmoud Labadi, the PLO spokesman said yesterday: "We have to rely mainly on ourselves." But the outcome could be that if a post-Camp David settlement of the Middle East problem is to be engineered, then Syria and PLO might be considered one unit.

The case against Israeli gains is more formidable. In part, they were victims of their own, almost total, success in the air and short-term gains on the ground.

They moved swiftly, but on Thursday the failure to take either the Beirut-Damascus road across the Bekaa Valley or to advance closer to the capital beyond Khalde, indicated that things were slowing down.

The daily newspaper Al-Nahar, yesterday, quoting military officials gave signs of this by saying that into the Zahran area no less than 330 tanks, 220 armoured vehicles and more than 1,000 jeeps with guns mounted had been introduced to confront the Syrians.

Thus, although severe casualties have been inflicted on the Syrians, defeat in Lebanon has not. The same goes for the Palestinians. Beaufort Castle was clearly a loss, although Mr Labadi was talking bravely yesterday about "losing one position means nothing for the Palestinians," not least because Lebanon is not Palestinian land.

The resistance continues and its lost arms can be swiftly replaced. The ambush and death of Major-General Yakutiel Adam near Lamour is a sign of this. It reinforces a point made by Mr Labadi that the Palestinians "are not a classical army and that's why we have to sneak Israelis into our tactics and fighting."

In short, the Palestinians have not been crushed. U.S. intelligence puts the number of Israeli forces in Lebanon at 30,000, but the United Nations at almost three times that. If they wish to remain an occupying force, they will need not just troops but also some sort of back-up bureaucracy.

Finally, and this cannot have been Mr Begin's intention, the invasion of Lebanon has drawn attention to the limitations of the Camp David agreement and the peace treaty between Egypt and Israel.

Israel may well have not only strengthened President Hafez Assad's shaky rule but also made inescapable the involvement of the Soviet Union in any future round of talks in a search for peace.

Beyond that, Israel might have ironically strengthened the Lebanese Government.

The scenario would be that against Israeli withdrawal to its 40 km area, the Syrians would leave Beirut. The role of the 25,000-member Lebanese army would be expanded, and presidential elections held. The 10,000 or so estimated dead or wounded locally might thus justify cruelly what must be Israel's short-term aims.

Tehran repeats demand

BY OUR FOREIGN STAFF

IRAN repeated yesterday that Iraq should open its borders to permit the passage of Iranian troops and armour heading for Lebanon.

The demand was presented as a fresh condition for ending the Gulf war. Iran has already insisted on the overthrow of President Saddam Hussein, the unconditional withdrawal of all Iraqi troops and the payment of \$150bn in reparations.

Mr Hashemi Rafsanjani, the Iranian Parliamentary Speaker, said yesterday that his country wished to go to the aid of Lebanon. Mr Hossein Mousavi, the Prime Minister, commented: "We have added a new condition for a settlement of the war. That is the dispatch of our armoured units through Iraq to fight criminal Israel, and this is one of the prime rights of an Islamic country."

Iran rejected earlier this week an offer from Iraq's Revolution Command Council for a ceasefire followed by a withdrawal within two weeks, and has apparently refused to react positively to the later announcement by the Iraqi army commanders on a unilateral ceasefire.

Egypt alleges U.S. collusion with Israel

By Charles Richards in Cairo

EGYPT'S leading newspaper Al-Ahram yesterday accused the United States of collusion with Israel over the invasion of Lebanon.

In a front page comment signed by the editor, Al-Ahram said that the U.S. had given Israel the green light to invade and attempt to impose a new political order on Lebanon.

The accusation is the most serious to have been levelled against the U.S. by Egyptian newspaper in several years. Al-Ahram usually reflects official thinking.

Relations between Egypt and the U.S. had been deteriorating even before the Israeli invasion. There was resentment in Cairo at American pressure on President Hosni Mubarak to attend a summit with President Reagan and Mr Benazir Begim, Israel's Prime Minister.

To discuss the future of the negotiations on Palestinian autonomy.

Mr Kamal Hassan Ali, the Egyptian Foreign Minister, arrived in London yesterday on his way to Washington where he will have talks on the future of the autonomy negotiations.

It is understood that he will be urging U.S. officials to ensure that Israel withdraws rapidly from Lebanon.

Withdrawal weeks away

ISRAEL will not withdraw from Lebanon until it is sure the Palestine Liberation Organisation (PLO) will not return to its position of strength and the pull-out is not likely in "a matter of days or weeks," Israeli's ambassador to the United States, Mr Moshe Arens, said yesterday.

AP reports from New York. Asked whether he expected a long period of negotiation about who will occupy the area, Mr Arens said: "Hopefully not. But I don't think we should be overly optimistic and expect it to be a matter of days or weeks; it's going to take a little time."

Rescue workers search for bodies under buildings destroyed by Israeli jets which bombed residential areas in Beirut just a few minutes before the ceasefire with Syria went into effect

Syrians strengthen positions in the mountain passes

BY PATRICK COCKBURN IN JERUSALEM

AS THE Syrian Government agreed to a ceasefire yesterday it was also rapidly strengthening its positions in the mountain pass which links Damascus to the Lebanese border.

The road is now crowded with tanks and armoured personnel carriers. Trucks pass towing light anti-aircraft guns. In the nearby hills heavy T-62 tanks, some with green branches lashed on as camouflage, have moved into position.

Close to the border crossing, troops on the Syrian side opened fire on an Israeli jet just inside Lebanon. As it released magnesium flares attached to red balloons to decoy heat-seeking missiles, thick smudges of smoke could be seen rising from where the Israelis are bombing the Bekaa Valley. Intermittently the smoke trails of Sam missiles could be seen against the light blue sky.

A family of five refugees, crowded into the front seat of a taxi used by myself and other correspondents. They said the shelling

and bombing on the border was too intense for them to stay. They were heading for Damascus.

In the capital, there is an increasing number of troops to be seen, despite the ceasefire. The government policy of announcing high Syrian casualties, some 194 killed on Thursday alone, has brought home to Syrians the scale of the conflict. Wounded, apparently from battles in the Bekaa Valley, were being ferried to Damascus hospitals.

Paradoxically, Syrian morale is high. The situation at the beginning of the week, when many Syrians regarded the Israeli invasion as just another round in what was strictly a Lebanese and Palestinian affair, has ended. Since Wednesday, the feeling has grown that Syria is under attack.

It is too early to say how long the ceasefire will hold since Israeli and Syrian interpretations differ strongly. It will be difficult for President Hafez al-Assad to maintain the

Coffee aid for Tanzania

BRUSSELS—The EEC Commission said it decided to give \$13.5m aid to Tanzania to improve coffee production techniques. This payment was the largest in the distribution of aid worth a total of \$34m to developing countries agreed by the Commission, it said in a statement.

Reuter

Plan for summit on Israeli invasion

DOHA, Qatar — Foreign Ministers of the 22-member Arab League will meet in Tunis today to prepare for a summit on Israel's invasion of Lebanon.

Mr Chedli Khlifi, the league's secretary-general met Sheikh Khalifa bin Hamad al-Thani, the Emir of Qatar, to discuss the situation in Lebanon and the summit proposed by Lebanon.

Yesterday's announcement of the summit came after news of a ceasefire in Lebanon by Israel and Syria. The league declined to say whether the ceasefire would affect the summit's prospects.

Jana, the official Libyan news agency, said Syria, Algeria, Kuwait and the United Arab Emirates had agreed to attend the summit to be held either in Tunis or Libya.

British response pleases Saudi Foreign Minister

BY SIMON HENDERSON

PRINCE Saud al-Faisal, the Saudi Foreign Minister, who flew to London yesterday to continue his lobbying of western leaders for support against the Israeli invasion of Lebanon, said that he had been encouraged by the very positive British response to Saudi Arabia's position.

The Saudi Foreign Minister had separate meetings with Mrs Margaret Thatcher, the Prime Minister, and Mr Francis Pym, the Foreign Secretary.

Prince Saud said he had urged that Lebanon's independence and territorial integrity should be guaranteed, and that there should be a "rectification of the situation" in the country and acceptance of the principle that countries could not act in the way Israel had done.

On Thursday the Saudi Minister was in Bonn to meet

President Ronald Reagan of the U.S. at the Nato summit, and had also talked to Herr Hans Dietrich Genscher, the West German Foreign Minister. Yesterday morning he was in Paris for talks with President Francois Mitterrand.

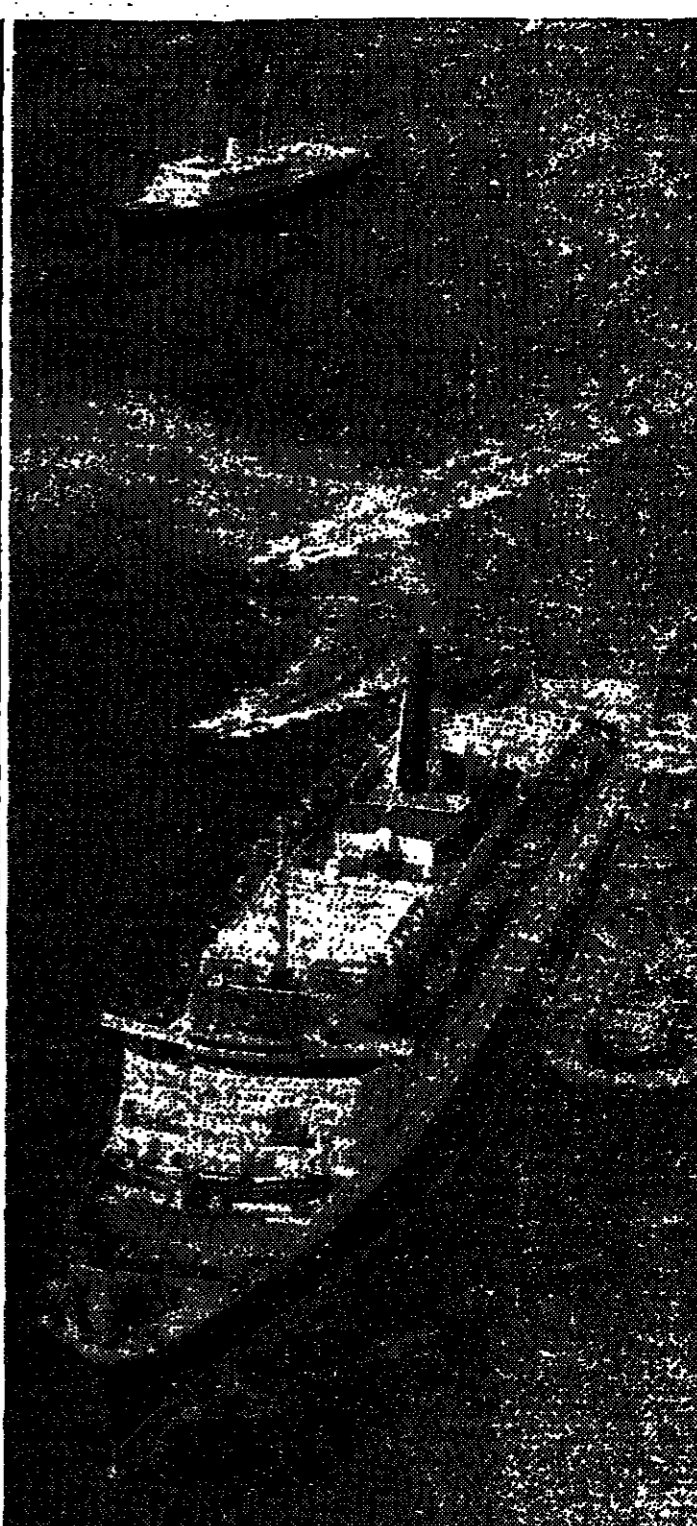
The Prince, asked by reporters whether Saudi Arabia would consider cutting off oil supplies to the West as a means of causing pressure to be put on Israel, said it was too soon to speak of the oil weapon.

But he went on to say that if the Arab world could not succeed in ensuring an Israeli withdrawal it would use other channels.

There was an air of near-helplessness in Prince Saud's responses. Asked what Saudi Arabia would do next, he would only respond: "Good question."



Mr Francis Pym greets Prince Saud



The Queen Elizabeth II, flagship of the Cunard Line, passes the Royal Yacht Britannia in the Solent yesterday as she approached her home port of Southampton. The QEII carried 700 survivors of the Coventry, Antelope and Ardent, three Royal Navy ships lost off the Falklands

Pope makes peace theme of pilgrimage

BY JIMMY BURNS IN BUENOS AIRES

POPE JOHN PAUL II plunged into an exhausting two-day round of activities here yesterday amid great pomp organised by the Argentine Government.

The Pope wasted little time in drawing Argentina's attention to his message of peace and the need for a negotiated settlement of the Falklands crisis. At the airport he was greeted by President Leopoldo Galtieri and flanked by many uniforms. But as he delivered the first of a series of speeches the Pope stressed the essentially pastoral nature of his short visit, saying that it was "above any political intentions."

He commented that he had watched with profound sadness "the loss of life and the social disruption" provoked by the conflict.

Calling for peace throughout the world, the Pope made a special reference to Argentina's Latin American neighbours in what appeared to be a word of caution for governments that had considered giving military assistance to Argentina.

The haste with which the visit was arranged showed in the disorganisation that marked most of the first day of his visit. As he mounted the steps of the city's cathedral the Pope looked tired and harassed amid the blaring of police sirens and poor crowd control. The crowd gathered opposite in the Plaza de Mayo roared a welcome and waved banners claiming such mottoes

as "Holy Father bless our just war" and "Holy Father bless our soldiers."

The Pope's second major speech of the day, delivered to a congregation of Latin American Bishops, and some 2,000 priests and nuns, both roadcast nationwide again stressed the need for reconciliation and an end to war.

The Pope also said that he "recognised the spirit of patriotism that led many (Argentines) towards sacrifice." However, he urged the congregation to take into account the "patriotism of others" and to be guided by the Christian values of peace, justice and generosity, within a spirit of humanity and universality. The words appeared to be a veiled reference to the position of the Argentine Church which has generally taken a partisan stand on the Falklands problem and vociferously backed Argentina's military effort.

After meeting President Galtieri and the two other members of the military Junta Pope John Paul appeared briefly on the Presidential Palace balcony and waved to thousands.

Yesterday afternoon the Pope was due to celebrate the first of two masses for a huge congregation gathered at the Basilica of Lujan, a centre of pilgrimage just outside Buenos Aires. The Virgin of Lujan has strong historical associations with the Argentine army.

Lami Dozo talks of new democracy reveals his pessimism

PARIS—Gen. Basilio Lami Dozo, a member of Argentina's ruling junta, said in an interview published yesterday that the conflict in the Falkland Islands has ended the long conflict between the Argentine Government and people.

Lami Dozo, commander of Argentina's air force, told the French newspaper Le Monde that the war with Britain has created a national consensus that has fundamentally changed the relationship between the Government and the governed.

"We will not repeat the errors of the past. We are finished forever in Argentina with the cyclical situations where the governments were frightened of the people or the people were frightened of the government," he was quoted as saying.

"What we want is a stable and pluralistic democracy functioning according to the rules established by our national constitution," he said. "Argentina is the same country, but it has matured since the war. In a very short time, it has become an adult."

Menendez reveals his pessimism

The following is a transcript of a BBC television news report from Brian Barron — Punta Arenas, Chile:

THE BLEAKLY pessimistic personal views of General Menendez, the Argentine Commander in Port Stanley, have been overheard here on an unscrambled phone link between his HQ at Government House and the high command in Buenos Aires.

The message, monitored within the past 24 hours, acknowledges that morale is rather low. Gen Menendez blames this on the British blockade; the fact that no supplies, no mail for his men, have reached Port Stanley recently.

Overheard on the radio link, Gen Menendez says that many of his troops had been promised they were going to be relieved and sent home, but this hadn't proved possible because of advancing British forces, and Gen Menendez revealed, just how poorly he rates his army's chances by saying: "If things go on like this our situation could crumble rapidly."

AP

UK NEWS

BP Oil to axe 390 jobs by nine closures

BY RAY DARTER, ENERGY EDITOR

BP OIL, the refining and marketing arm of British Petroleum, is to axe 390 jobs by closing nine oil distribution terminals.

The company said it hoped to achieve the job cuts largely through voluntary severance. Enforced redundancies would be kept to a minimum.

The Transport and General Workers' Union and other unions have been told that the move will affect managers, clerks, drivers and operating staff.

Phasing of the proposed closures will be: Terminals at Bishopbriggs, near Glasgow, and on Teesside, in January.

BP Oil, which had a substantial loss on the first quarter of this year, said that the proposed closures stemmed from the "dramatic fall" in demand for petroleum products, together with gloomy prospects for trade in the near future.

Building societies lend record £1.2bn

By Andrew Taylor

BUILDING SOCIETIES lent record £1.2bn last month, while net receipts of societies in May rose to their highest level for 19 months.

Society chiefs decided not to cut the recommended 13 1/2 per cent mortgage rate, despite this week's half percentage point reduction in base rate.

Most of the clearing banks charge 13 1/2 per cent on home loans, though they claim that differing methods of calculating interest payments make mortgages more fully competitive with those offered by building societies.

Societies did not rule out the possibility of a cut in the mortgage rate next month, but this would depend on the extent of any further reduction in bank interest rates.

Societies will be reluctant to erode their competitive edge by lowering savings rates when they need a high inflow of funds to finance the record level of mortgage lending.

Monthly net receipts of societies have improved significantly in the past two months, and in May rose to £478m, the highest level since October 1980.

May's record £1.2bn was the third month in succession that lending topped £1bn. Loans promised to borrowers, but not yet made, amounted to £1.37bn last month.

Mr Richard Weir, secretary general of the Building Societies Association, said that a high level of lending was expected to continue throughout the summer.

Investment rates, Page 9

'Radical' Jenkins launches campaign for SDP leadership

BY PETER RIDDELL, POLITICAL EDITOR

MR ROY JENKINS yesterday launched his campaign for the Social Democratic Party leadership with an attempt to demonstrate that he is not a centre party man and is as "radical" as Dr David Owen, the other candidate.

Mr Jenkins said in Ayr that he wanted the SDP to replace the Labour Party as the alternative to the Conservatives.

"I want to do it in a way that also attracts people who do not support the class-ridden, interest group of Labour, even in its better days."

He said he wanted to build a "new radical" coalition, rekindling the spirit of 1906 and 1945. Unemployment, industrial democracy, a fair price and income policy, and constitutional reform had to be tackled.

The contest was billed originally as a low key concern with no public campaigning, but it now looks like being vigorous, reminiscent of the "old politics" so often decided by SDP leaders.

The general assumption at Westminster has been that Mr Jenkins will lead the Alliance as a whole if he becomes SDP leader. However, yesterday Mr David Alton, MP, a leading Liberal said his party would watch with interest the outcome of the SDP leadership election.

He said "many Liberals would want their leader, David Steel, to consider offering himself for the leadership of the Alliance," depending on the outcome of the election.

Mr Alton said the Alliance would need a leader who was both acceptable to the public and both partners.

The clear implication of Mr Alton's remarks is that Mr Steel might be considered by Liberals as a more suitable leader of the Alliance. Mr Owen is elected leader of the SDP, although they would be willing to accept Mr Jenkins.

The full list of the parliamentary supporters of the SDP leadership is now available. Mr Ian Wrigglesworth said Mr Jenkins's supporters are: Mr Tom Bradley, Mr Tom Ellis, Mr David Hinchey, Mr John Entwistle, Mr Derek Mason, Mr Bob McEneaney, Mr William Rodgers, Mr John Roper, Mr Neville Sandelson, Mr James Wellbeloved, Mr E. Hudson-Davies, Mr Brian Magee, Mr Jeffrey Thomas and Mr Wrigglesworth.

However, there is some dispute about the position of Mr Roper, who is the party's parliamentary whip and believes he should be impartial. He has made it clear he does not want to be included on lists of supporters.

The backers of Dr Owen are: Mrs Shirley Williams, Mr Christopher Brocklebank-Pender, Mr Ron Brown, Mr John Cartwright, Mr Richard Crawshaw, Mr James Dunn, Mr John Grant, Mr Edward Lyons, Mr Tom McNally, Mr Bob Mitchell, Mr Eric Ogden, and Mr Mike Thomas.

Curtains for Talk of the Town today

By Lisa Wood

THE TALK OF THE TOWN, one of London's most celebrated night-spots, is to close today after a surprise announcement by Bernard Delfont, Trust House Forte.

No details are being given of numbers of redundancies among administrative, maintenance and catering staff at the large theatre-restaurant, although entertainment unions were yesterday calling for an urgent meeting with Lord Delfont, who operates the establishment.

The unions—Equity and The Musicians' Union—claim they have been negotiating about a new production with the managers of the organisation for some time. The 24-year-old theatre had been due to close temporarily today for major refurbishing, costing "many thousands of pounds."

Lord Delfont has blamed rising costs, changes in patterns of tourism, and VAT for the closure. Since December, the management has been negotiating a new lease on the site of the building. London's West End entertainment industry has been badly hit by the recession.

When the night-spot opened in 1958, entrance cost £1.75. It now costs £21.75 and Lord Delfont said that if the refurbishing had gone ahead entrance prices would have increased to £25-27.

Lord Delfont said: "It has become increasingly clear that general economic trends and rising costs and the imposition of VAT on the entertainment industry, taken together with changing tourism patterns, have created a situation in which the viability of the operation of such a large theatre-restaurant at prices acceptable to the public cannot be guaranteed in the long term."

Lord Delfont has run The Talk of the Town, in Leicester Square, since taking over the lease of the London Hippodrome in 1958, converting it in partnership with Sir Charles Forte, into a theatre-restaurant seating 750. In its heyday, it attracted stars such as Judy Garland, Sophie Tucker and Sammy Davis Jr.

Eight training boards to go

By Alan Pike, Industrial Correspondent

THE GOVERNMENT yesterday laid winding-up orders for the remaining eight statutory industrial training boards to be abolished under the reform of training arrangements.

BSC contingency hopes cut by £95m

BY IAN RODGER

THE GOVERNMENT has cut £95m from the contingency margin sought by British Steel Corporation as part of its 1982-83 external financing limit.

It is also holding British Steel to its target of breaking even in 1982-83 before interest charges. Recently, the corporation said it might not reach break even until later next spring.

This new squeeze could tip the scales in the corporation's current review of its plant configuration.

Early this week it was reported that British Steel is considering closing one of its main bulk steel producing sites because of the weakness of home markets and a sharp influx of imports.

The decisions on its external financing limit came in a Commons written answer by Mr Patrick Jenkin, Industry Secretary.

He said the corporation's external financing limit this year would be £365m, compared with £768m in 1981-82.

BSC was looking for a total EFL of £461m, of which the contingency margin could be £175m. In March, in view of the uncertainties in international steel markets and particularly the potential impact of U.S. actions against subsidised producers British Steel sought an increase in the contingency margin to £175m.

Mr Jenkin said the new limit "includes a contingency margin well below the £175m requested by BSC. The additional £15m above the provisional EFL will be found from within the Government's contingency reserve and will not increase public expenditure."

Horizon orders five updated Boeing 737s

BY RAY MAUGHAN AND LYNTON McLAIN

HORIZON TRAVEL, one of the largest package tour holiday operators in Britain, has agreed to buy five of Boeing's latest 144-seat 737-300 airliners, in a deal worth £120m (£66m).

The aircraft will be operated by Orion Airways, the airline subsidiary of Horizon, based at East Midlands Airport, Derby, and will increase its expected annual passenger carrying capacity by 18 per cent. This is somewhat below the volume growth by Horizon in the last few years.

The aircraft will be delivered in stages between 1985 and 1986, increasing the total Orion Airways fleet to 13 Boeing airliners, with a total passenger capacity of 1,760 seats.

Horizon stressed yesterday that the financing and additional purchasing commitments remained entirely flexible, but it is understood that it has secured options to buy at least six more Boeing 737-300s from the Seattle-based manufacturer.

It is also thought that Boeing has secured financial commitments against Orion to keep the options open, because the manufacturer is confident that the market for new airliners will be starting to swing in their favour by the time the options are exercisable.

Horizon is committing itself to a guaranteed purchase of aircraft, three years hence, which at today's exchange rates would cost £68m, compared with the company's stock market valuation of £93.4m.

The holiday operator claims an 85 per cent share of the British inclusive tour market—after Thomson Holidays and Intersun—and says that its own volume bookings for the summer holiday season have risen by 15 per cent. On the other hand, it warns of a decline in last year's peak demand for inclusive tour holidays.

Under the terms of a normal Boeing contract, the customer is required to find 90 per cent of the agreed contract price nine months before delivery and the balance on completion. Horizon stressed yesterday that the repayment schedule is still flexible.

BSC made good progress towards eliminating its losses

BY IAN RODGER

BSC made good progress towards eliminating its losses in 1981-82, Mr Jenkin said. It had made a loss of £252m before interest compared with a target loss of £225m.

British Steel has said it expects a loss of £388m after interest, and government officials confirm that this is compatible with the £252m figure.

"I warmly commend the efforts of the chairman, the board, the management and the workforce in achieving the remarkable progress made so far, and I wish them continuing success," Mr Jenkin said.

British Steel would not comment on Mr Jenkin's statement.

Zanussi plans factory in North-East

Financial Times Reporter

ZANUSSI, the leading Italian manufacturer of domestic electrical appliances, wants to establish a factory in North-East England. It would be Zanussi's first plant outside southern Europe.

The plant would supply northern European markets, particularly Britain and Scandinavia, with products unique to the region. Zanussi has about 13 per cent of the UK market in goods such as washing machines, tumble driers and refrigerators. A final decision on where the factory will be and the products it will make will be made by the end of the year.

Less than one per cent of the Value of Zanussi appliances comes from UK-made products—mainly the three-pin plugs attached to appliances.

The move is to make the company more "multi-European," Zanussi says. Manufacturing in the UK would eliminate some transport costs, and cut costs to Scandinavia. It would also allow criticism of high imports from Italy by the UK industry, where both Hoover and Servis face considerable difficulties.

Zanussi sales were up 34 per cent in the first quarter this year. This was due partly to new products such as ovens, but also to the same period last year. Zanussi had a 14 per cent share of UK market in 1975, but most of it was sold under other brand names. The bulk is sold today under its own name.

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New work in private sector helps builders

By William Cochrane

NEW WORK in the private housing and private commercial sectors makes the best showing in the latest figures from the depressed construction industry, where total output in the first quarter of 1982 was 1 per cent higher than in the fourth quarter of 1981, but 4 per cent lower than in the first three months of 1981.

Figures from the Department of the Environment yesterday showed private housing 6 per cent higher in January/March 1982 than in the previous quarter, and 2 per cent up on the corresponding period of 1981. New work in the public housing sector was unchanged, and 29 per cent lower respectively.

New work in the private commercial sector in the first quarter of 1982, compared with the fourth and first quarters of 1981, increased by 7 per cent and 13 per cent.

The seasonally adjusted estimate of the index of employees in employment in April 1982 is 1 per cent lower than in January of this year and 10 per cent lower than in April 1981.

Building industry employers have been warning recently that a sustained upsurge in construction activity, especially in housing, might leave them embarrassingly short of both skilled labour and materials.

Drug dealers moving into video piracy, warns MP

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT believes something must be done to check the "quite shocking" growth in the private video film trade, Mr Iain Sproat, Under-Secretary for Trade, told the Commons yesterday.

He promised to look "very closely and very quickly" at the legislation introduced recently in the U.S. to control illegal traffic in video films. He wanted to see what lessons could be learned.

The U.S. Privacy and Counterfeiting Amendment Act went into effect on May 25. Under its terms, sound recording and motion picture pirates face maximum penalties of five years' imprisonment and a fine of \$250,000 (£141,643).

Mr Sproat was replying to Sir Paul Bryan (Con, Bowden) who said Britain was the world leader in the illicit video trade. This was now getting "into the hands of gangsters—literally the same people who run the drug rings."

Video piracy accounted for at least 65 per cent of the total market in Britain—a staggering £100m in 1981.

Mr Sproat hoped this Bill would be approved when it came before the Commons again on July 9.

Nationalism real threat to peace, says Hurd

BY ROBIN REEVES, WELSH CORRESPONDENT

THE MAIN threat to peace no longer comes from a direct clash between the superpowers, the U.S. and the Soviet Union, Mr Douglas Hurd, Minister of State at the Foreign Office, said yesterday.

The real danger was from the multitude of nation states "which jostle together uneasily in the post-imperial world."

He told the Welsh Conservatives' conference in Llandrindod Wells that at least five wars were being fought—one in the South Atlantic, two in the Middle East, one in North Africa and one in Afghanistan.

"Many of them (nation states) have disputes with each other. Many of them suffer from the disease of excessive nationalism which, as President Galtieri is discovering, is the best way of destroying nations," he said.

"The process is now a familiar one. First you fill the streets with your enthusiastic supporters, later you fill the cemeteries with the bodies of your conscript soldiers."

Mr Hurd was winding up a debate on the importance of Britain remaining an EEC member.

Lesney becomes the latest victim in the troubles of toy-town

Interest rates and sterling fluctuations are an unbeatable foe, reports David Churchill

THE TROUBLES in toy-town show no sign of abating as Lesney Products, manufacturers of the Matchbox range, yesterday became the latest in a long line of famous names which have gone under in recent years.

In 1980 Dunbee-Combox-Marx was forced to call in a receiver while Lesney announced some 1,300 job losses in January 1981. Airfix Industries was forced to call it a day after pressure from its bankers.

Mr Hay cut in Lesney's operating base have been considerable, with UK manufacturing and distribution halved and the workforce cut some 41 per cent. Subsidiaries in Panama and Denmark, plus the manufacturing offshoot in Singapore, were closed.

Lesney's problem was that it became a victim of two of the toy industry's main pressures—the fluctuating value of sterling in recent years and high interest rates. Its export of die-cast model toys, for example, became substantially over-priced, especially in the U.S.

The problems of the toy trade, and Lesney in particular, were highlighted by a survey from ICC Business Ratios. It says the "one genuinely crippling factor has been the high level of sterling" and suggests that "profits from exports have been virtually wiped out as sterling has strengthened against most major currencies."

In the UK industry, the impact of inexorably rising costs and interest rates has exacerbated a basic problem for manufacturers. This is that the bulk of their sales are in the last third of the year.

Parents are now willing, according to market research surveys, to ensure that their children have reasonable toys as presents at birthdays and Christmas, even if the parents are unemployed.

On the retail side, growing concentration of sales through multiple stores is likely to go on changing the face of the toy trade. At the beginning of the 1970s, the 6,000 or so small specialist retailers accounted for the bulk of toy sales. As the chain stores, such as Tesco and the Argos discount stores, started to compete in earnest, the smaller retailer has been steadily going out of business.

Now the specialist toy shop accounts for only about a third of toy sales. A third go through the multiple and department stores, and the rest through mail order, newsagents, and the 400,000 other small retailers who sell a few toys as subsidiary items.

One peculiar feature of the toy industry is the way famous brands survive while the companies owning them come and go. Hornby, for example, was an independent company subsequently bought by larger groups, such as Lines Brothers and Dunbee-Combox-Marx. It has become independent again, being bought out by its management and workforce.

The ICC report says the message for the toy trade is "pretty clear." The industry is almost unique in its level of vulnerability to a strong currency and high interest rates. For these reasons, "the position of the manufacturer is precarious in the extreme."

The Lesney collapse has come at an unusual time for the toy trade—most in the industry are gearing themselves up for the crucial pre-Christmas trade—but there are a few longer-term crumbs of comfort.

Official Unionist leader rejects N. Ireland Bill

BY OUR BELFAST CORRESPONDENT

THE DEVOLUTION Bill for Northern Ireland was uncompromisingly rejected by Mr James Moynihan, MP, leader of the Official Unionist Party, yesterday at the party's annual conference in Belfast.

He said the proposals were even more objectionable than the Sunningdale plans of 1973 for Northern Ireland. The party had a duty to delete them or, failing that, oppose them not only in the House of Commons but also in the courts.

Mr Moynihan, who was re-elected unopposed as party leader, appeared to suggest that nothing less than a centralised government, with control over security, would be acceptable. "An advisory role simply will not do—now or in the future," he said.

He disputed the assertion by Mr James Prior, the Northern Ireland Secretary, that a "practical settlement would be necessary if the economy of the province were to improve. He said that was a smoke-screen to conceal the Government's balance in the economic field."

UK NEWS - LABOUR

Health employers attack 4% 'farce' White-collar water staff reject 7% pay offer

BY PHILIP BASSETT, LABOUR CORRESPONDENT

HEALTH authority employers yesterday applied considerable pressure on the Government to relax the tough line on National Health Service pay which has provoked industrial action in the service.

The National Association of Health Authorities, comprising health employers at regional, area and district levels, at its annual conference in Brighton approved overwhelmingly a resolution calling on the Government to re-examine its NHS pay policy.

In particular, it was critical of the Government's adherence to a 4 per cent pay factor in the NHS—when settlements in other parts of the public sector had exceeded this. The pay "norm" had become a farce, the conference was told.

The resolution was approved immediately before Mr Norman Fowler, Health Secretary, addressed the conference.

NAHA officials met Mr Fowler privately last week and put to him the sentiments of the resolution. Mr Fowler yesterday agreed to a further meeting with the association to discuss its implications.

The NAHA decision brings but publicly the disquiet over the dispute felt by many health employers, which first emerged in a letter to Mr Fowler from Sir Sidney Hamburger, chair-

man of the North-West Regional Health Authority.

Taken with the decision last week by the Royal College of Nursing not to accept the Government's 6.4 per cent offer to nurses—it has offered 4 per cent to other health workers—it amounts to considerable pressure on Ministers to change course.

Mr Rodney Bickerstaff, general secretary designate of the National Union of Public Employees, welcomed the move by health service managers in joining the unions' call for

defiantly inflexible pay policy," he went on.

There had to be a better way of handling NHS pay, or the current events would become a feature of the service. "The present dispute has already reached the stage where the NHS cannot win, whatever the outcome."

Mr Jack Smart, of Wakefield Area Health Authority, said the blame for the dispute must be laid firmly at Mr Fowler's door.

Mr Fowler gave only cautious acknowledgement of the NAHA decision in his speech to the conference. He held out the tentative prospect of hospital ancillary workers being included in the scope of newly-started talks on a longer-term pay system for nurses.

He said he would like to meet the TUC Health Services Committee on the dispute. Mr Fowler indicated that trying to arrange such a meeting was the main point of the work as an intermediary of Mr Pat Lowry, chairman of the Advisory, Conciliation and Arbitration Service.

Mr Lowry yesterday heard the unions' case from Mr Albert Spanswick, and Mr Peter Jacques, chairman and secretary respectively of the TUC committee.

Mr Lowry will be in contact with the Department of Health and Social Security over the weekend, before talking again to the unions next week.

BY BRIAN GROOM, LABOUR STAFF NEGOTIATORS for 30,000 white-collar staff in the water industry have rejected a 7 per cent pay rise offered by the National Water Council.

An emergency motion is likely to be put before the water group of the main union involved, the National and Local Government Officers' Association (NALGO). It will be considered on Monday, during NALGO's annual conference at Brighton.

The motion has not yet been decided, but it may include plans to take industrial action if the offer is not raised. The action could take the form of non-co-operation with the cost-cutting reorganisation taking place in water authorities.

The water staff are claiming 11.2 per cent rises, a one-hour cut in their 37-hour week, extra holidays and commitments on job security and career prospects.

The 7 per cent offer includes an extra day of holiday for some staff, but no other elements of the claim.

Manual workers in the industry accepted 9.1 per cent rises in January, but are seeking a further one-off increase of 15 per cent to bring them into line with electricity and gas workers.

Spirit of co-operation keeps NHS ticking over

BY JOHN LLOYD

UNIONS are co-operating increasingly with local health administrators in the running of the dispute in the health service.

The health unions are being careful to ensure that accident and emergency cover—which includes maternity, cancer treatment and renal dialysis—is working efficiently.

To that end, a number of local union committees have approached area and district health authorities with plans to collaborate on running a minimum service.

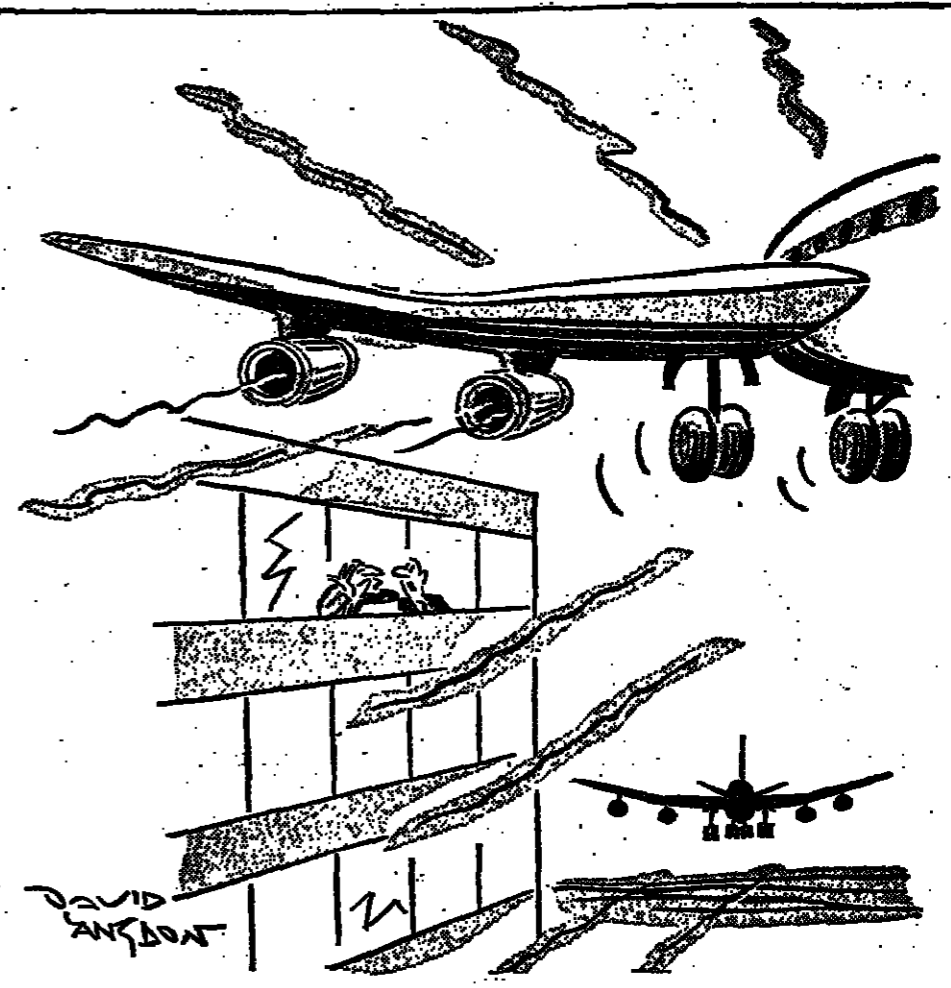
In South Wales, the National Union of Public Em-

ployees says co-operation between authorities and the unions has been working well throughout the dispute.

Both Dafydd and Glamorgan area health authorities have come out in favour of an increased pay offer.

The South Wales mineworkers, together with other groups of public sector workers, are expected to mount a 24-hour stoppage in sympathy with the health workers next Wednesday.

In the South-East, a meeting on Thursday voted to approach health authorities with plans for joint regulation of the accident and emergency service.



What I said was—John D Wood would have found out what they meant by handy for the airport.

JOHN D. WOOD

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Secret ballot funds to cover polls on pay

BY JOHN LLOYD, LABOUR EDITOR

THE GOVERNMENT is to extend its scheme to defray the costs of secret union ballots to cover polls on pay offers.

An order to complement the provisions of the 1980 Employment Act will be laid in the House of Commons on Monday. A further more detailed order to spell out the kind of ballot for which costs can be recovered will be laid in July. The scheme will operate from then.

Under the terms of the 1980 Act unions can apply for funds for ballots on strikes, on elections, on rule changes and on mergers. Ministers have since felt, however, that ballots on pay offers—one of the commonest of union polls—should also be covered.

The offer will further tempt those unions inclined to use secret ballots, especially now that funds are scarce. However, the TUC has banned such applications on pain of possible

suspension of the offending union from TUC membership.

Only one TUC-affiliated union—the actors' union Equity—has applied to the Government for funds, to recover the cost of its ballot on union elections. Equity, which is led by right-wingers, is a keen user of ballots and is in considerable debt.

However, the executive's application for a refund caused considerable dissent by union activists, and the union conference voted to overturn the decision. That vote is not binding, and the issue is now the subject of a membership ballot. It is understood that the application for a refund has not been withdrawn, and is still being considered by the Department of Employment.

A number of non-affiliated unions, most notably the Royal College of Nursing, has applied for funds but the expenditure has been minimal so far.

Postal engineers may act in bid to stop BT sale

BY DAVID GOODHART, LABOUR CORRESPONDENT

THE 130,000-STRONG Post Office Engineering Union, at Blackpool in its annual conference, committed itself yesterday to "industrial action if necessary" to stop the privatisation of British Telecom.

An executive statement backed by the union conference also said that members had been instructed not to connect Mercury, the private telephone system planned for 1983, to the national or international network.

The industrial action subcommittee of the executive will draw up further proposals for action against Mercury.

A more radical motion to call for immediate and widespread industrial action to stop Mercury was not put to the vote. But in a debate on the motion, Mr Bryan Stanley, union general secretary, said: "If we want a big say in the cabling of Britain, how can we disrupt services without apparent reason?" He said that industrial action would be taken, when appropriate,

Mr Eric George, for the executive, said Mercury's operation would be more restricted than its supporters hoped. "But it is totally unacceptable that British Telecom suggest we work with the competition. We are not going to risk jobs for the benefit of private speculators," he said.

Mr Phil Holt, of Liverpool Internal, warned that the privatisation of BT was an immediate threat. "Private capital has its eyes on BT's £500m profit," he said. He also said that local tariffs had been pushed up, while the cost of trunk calls had been brought down, because of competition from Mercury.

A move to hold a poll of the union membership, on whether ballots should be held before industrial action, was rejected. But a few delegates expressed anxiety that the union's new £140,000 computer, which will carry the home addresses of all members, would make ballots easier to conduct.

Howell backs BR over productivity and manning

BY HAZEL DUFFY, TRANSPORT CORRESPONDENT

THE GOVERNMENT came out in strong support yesterday of the stand by the British Railways Board vis-a-vis the rail unions over productivity and work practices.

Mr David Howell, Transport Secretary, warned that the future of the railways is in jeopardy unless BR can deliver on productivity.

Mr Howell said in London yesterday: "A modern rail system just will not work chained down by a cross-cross of restrictive working practices. You cannot use working methods agreed in 1919 to solve 1982 problems.

"You cannot expect the taxpayer to pay yet more money, if the new equipment being provided is then operated with outdated working practices or even stands idle in sidings.

Mr Howell delivered his warning two weeks before the threatened strike by the National Union of Railwaymen.

He reminded the unions that the strikethreat came when the Government was considering proposals to introduce a new generation of lightweight vehicles for local services, and

considering the approval of new signalling equipment, as well as being committed to the principle of a 10-year rolling programme of electrification of the railway network's main lines.

"All this is now being directly threatened. Instead of this bright prospect, we now have the shadow of a bleak and unpromising future" to use the words of Lord McCarthy.

The Transport Secretary went on to emphasise a view which has gained strength in government circles since it became apparent during the train drivers' dispute this year that the country can get by without the railways.

"What the railways must never do is take people's custom for granted," he said.

The two manning issues which have particularly irked the Government—besides the continuing failure of the unions to deliver on the main retention of present manning levels of trains with new freight wagons, and the refusal of the NUR to agree to one-man electric trains on the Bedford-St Pancras line.



BENEATH THE IVECO SIGN

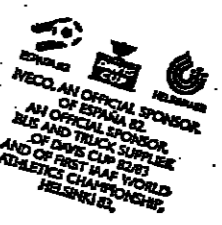
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THE WEEK IN THE MARKETS

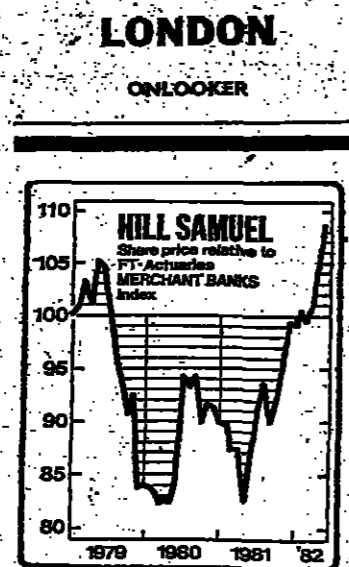
Broader horizons, blacker smoke

By Tuesday afternoon, the first week of the new account had already seen its best moments. The All-Share Index had reached a new peak of 340.98, and the clearing banks had cut their base rates by half a point to 12 1/2 per cent. Wholesale price statistics gave further encouragement about the future course of inflation. But the gilt-edged market, weighed upon by last week's new tax stock and discouraged by the latest banking figures, was already showing signs of tiredness.

Used after two months to weathering bad news from the Falklands, the markets had this week to cope with a potentially much more explosive conflict in the Middle East. Coupled with hardening New York interest rates and a week of two for sterling, that was enough to dip 15 points off the FT 30 Share Index by Thursday evening. A fair bounce yesterday probably reflected the closing of some bear positions as well as the morning's cease-fire in the Lebanon or easier conditions in New York. But there was no cause for cheer in a weekend batch of company news that included very poor results from Pilkington and the insolvency of Lesney, the maker of matchbox toys.

Rating Hill Samuel

The new management put in charge of the merchant bank Hill Samuel two years ago has succeeded in tightening the business up. And after a lacklustre decade, there has been a lot to put right. At any rate after-tax profits have more than



doubled in the last two years, with a 42 per cent gain in the 12 months to March 31, 1982. The stock market has already recognised what the management was capable of, and the bank has enjoyed a re-rating in the last year. The shares now seem to be valued in line with other leading merchant banks. There is no real mystery about the improvement in the company's fortunes. The management has been working on cleaning up the loss-makers, and shifting the emphasis away from low-margin—albeit prestigious—business to operations absorbing less capital and offering higher margins. Accordingly, the loss in the

insurance broking business has been reduced from £1.6m in 1980, to £0.6m last year, with the prospect of break-even this year. In UK banking, Hill Samuel has shifted out of syndicated loans into more specialised areas such as trade and shipping finance, as well as personal loans out of its branch network.

The group is now turning its thoughts to expansion again, and the policy is far removed from the merger attempts with which it was associated a decade ago. The existing businesses are to be enlarged, partly through piecemeal acquisitions, with the aim of spreading the group's operations geographically. The fruits of this policy will take some time to ripen, and the pace of growth could slow considerably from now on, not least because of the pressures facing the merchant banking community as a whole.

Boxing cannier

Metal Box went some way this week towards repairing the damage to its reputation caused by its severe misjudgement of demand trends and by the musical chairs in its own board room. Experience has evidently bred caution and on Monday it announced second half profits comfortably ahead of a forecast made only a few days before the March year end. For the full year, trading profits are 35 per cent ahead at £72m. Then the debits begin. The high cash cost of closures has helped to push the interest charge to very uncomfortable levels, leaving a pre-tax figure

of only £40.2m. The tax charge remains high, because the group makes most of its money overseas and has unrelieved ACT to pay. The South African company swallows almost £10m of minorities and, following the recent announcement of plant closures, Metal Box has provided for £30m of extraordinary debits. A higher total dividend leaves a retained loss of £25m. The expedient of a property revaluation, which keeps net debt to around 50 per cent of shareholders' funds, is unlikely to convince the City that Metal Box can do without a rights issue. But at least it could be in a position to start generating cash from now on. While not all the recent closures have been paid for, only half of the £30m debit is accounted for by cash items and the effect of previous surgery in the UK is already showing through in productivity.

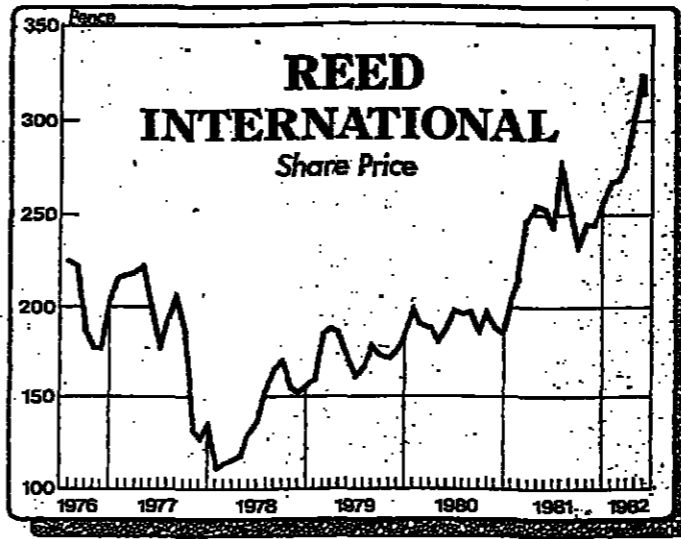
On top of that, while final demand in the UK remains very slack, the decision by Coca-Cola to cut prices and stem imports has greatly enhanced capacity use on beverage can lines. The U.S. will probably be less strong this year, but other overseas subsidiaries are doing well and the UK performance, in both central heating and cans, looks almost certain to recover. The yield on the shares is still hovering around 10 per cent but, at 165p after the figures, the price was well off the bottom.

Gulliver's Travails

Argyll Foods was calculating back on May 11 that it would be paying fees of about £3.7m to various City institutions for the funding of a "unique opportunity" to buy Sir James Goldsmith's supermarket chain, Allied Suppliers. If the merger had been frustrated, because Argyll's own shareholders rejected the deal or the Office of Fair Trading had objected to the condemnation of food retailing power implicit in such a merger, Argyll would have paid about £1.1m to its City advisers before retiring to lick its wounds.

Argyll cleared these two hurdles with some ease. Shareholders passed the necessary resolution with barely a vote cast against. The O.F.T. countered certain outside predictions by giving the deal a clean bill of health. Argyll was certain of the Allied acquisition since, with beguiling ease, all the sub-underwriting was fixed on the day the merger proposal was formally announced.

Argyll, its brokers Pamure Gordon, and the merchant bank which had arranged the underwriting, Samuel Montagu, were convinced that the City's institutions had, accepted the merits of putting Mr James



Gulliver's fledgling food retailing group together with Sir James' Presto and Liptons chain.

Suddenly, the skies darkened. Israeli F16s were supporting Beirut, Argentine fighter bombers had exacted a grim toll of the British dis-embarkation on to Fitzroy, on East Falkland. Sentiment, which Argyll had been convinced was solidly supporting the deal—although there had been a marked polarity of opinion—suddenly melted.

So on Thursday morning the 95m shares on offer were matched by applications for only 25m shares. This failure meant that some 70m shares passed at a cost of almost £60m into the hands of the underwriters. This was one clear occasion when the City had earned its handsome fund-raising fees. 48 48 48 48484848

Reed rationalised

Pre-tax profits £21.3m higher at £71.6m for the 12 months to early April from Reed International still left a few market men cold this week. Reed pushed out its third quarter results last February some analysts had been happily

predicting £80m for the year. Even just ahead of Monday's full year figures the most cautious of market forecasts seemed to be no lower than £74m.

But Reed's final quarter has a nasty habit of throwing up some pretty large exceptional items. Above the line exceptional costs this time wiped £14.4m off £32.2m of trading profits in the final quarter. Mainly these relate to the Odhams printing business and future rationalisations on wall-coverings.

Yet the one important fact that shines through the figures—even if they are a shade below expectations—is that Reed is well and truly on a recovery course. The serious financial strains of the late seventies, brought on by an earlier expansion phase, are now firmly behind it.

Overall domestic operating profits rose by £14.5m to £44.4m. The only real blot on the page came from newspaper operations. The Mirror Group has been dragged down by the tabloid circulation war in which it had to bear the heavy cost of promotional Bingo. Profits from newspapers collapsed by £10m to £2.1m.

A new optimism

NEW YORK RICHARD LAMBERT

SHARE PRICES continue to drift lower on Wall Street for most of the week, and by Tuesday lunchtime the Dow Jones Industrial average had sneaked down below 795. At that point, it had fallen by over 70 points since early May, and was threatening to close below its previous low for the year—784.7, which was touched on March 8.

Then, at last came a bit of good news. After the closing bell, news arrived from Washington that the House had approved by a narrow margin a Republican Budget plan for 1983. There is still some way to go before this vote can be translated into a final Budget programme. But at least Wall Street can at last begin to get some kind of handle on the Government's likely borrowing needs over the next few years. The Treasury's closely watched 14 per cent bonds bounded with relief in after hours trading, having slipped by a point and more earlier in the week. And equities followed suit when trading opened yesterday morning. March's low point had been tested—and remained intact.

But Budget or no, the Treasury is still going to have to raise enormous new sums of money in the next six months. We should be getting first details of its third quarter borrowing programme within the next few weeks, and that could well put some kind of ceiling on the market's new optimism.

Meanwhile the market has remained jittery in the face of all the international political tensions. These have had the usual impact on the oil sector, where the domestically orientated oil producers have been showing considerable relative strength in recent months. Falling U.S. oil stocks and rising pump prices are one explanation; the political security of U.S. oil reserves is another. Shares in companies like Shell, Phillips and Union Oil of California have continued to do well this week.

But the main excitement in the oil sector still swirls around the takeover battle between Cities Service and Mesa Petroleum, where the two chairmen—to judge by Press reports, at least—are squaring up like Larry Holmes and Gerry Cooney. The one thing that seems certain about this bout, which is

still in its early stages, is that if there is not a knock out, Cities Service will take a dive. Some analysts think its shares could fall by \$10 or more without a bid, and the price has slipped in recent days to roughly \$34, compared with likely earnings in 1982 of maybe \$3 a share. This is not a fight for the faint hearted.

On a more sedate note, IBM net selling pressure earlier this week, following a report that Morgan Stanley had removed the company from its list of recommended buys. The shares have performed well so far this year, and IBM should report a healthy increase in profits for 1982. But Morgan Stanley is evidently worried that sales schedules may be slowing down a bit, and that as a result its recent earnings forecasts for the current year of \$6.60 a share could be looking a little on the high side. The earnings range for 1983 is put at \$7.20 to \$7.50 a share.

It's a quiet time on the company news front, but the week did bring third quarter figures from one big company which has attracted a lot of attention during the last year—Seagram, the world's largest distillers. The group, you may remember, was left with egg on its face and a fifth of the shares in the giant Du Pont chemical group as a result of last year's struggle to gain control of Conoco, from which Du Pont eventually emerged as the winner.

Since then, the Du Pont share price has slipped consistently, and Seagram's holding is now worth roughly \$1.5bn, a modest \$1bn or so less than it paid for the Conoco shares which it eventually swapped for Du Pont equity. The impact on earnings has been no great shakes, either, although its main line businesses are doing well.

Seagram's share in Du Pont's profits is currently bringing in a lot less than the cash deposits which it blew on all those Conoco shares.

But Seagram still insists that it is very happy about the deal, and Wall Street may be coming around to its view. A recent report by Drexel Burnham Lambert argues that the shares are now selling at a discount to the underlying value of the Du Pont holding alone, and that a recovery at Du Pont would have a dramatic impact on Seagram's earnings.

Monday	804.03	-0.95
Tuesday	802.23	-1.80
Wednesday	795.57	-6.66
Thursday	798.71	+3.14

MARKET HIGHLIGHTS OF THE WEEK

	Price	Change	1982	1982	
	Ytd	on week	High	Low	
F.T. Govt. Sec. Index	70.18	+ 0.02	70.40	61.89	Lack of incentive after
F.T. Ind. Ord. Index	584.2	- 3.6	594.0	578.1	base lending rate cuts
Barlrow Eves	55	+ 9*	55	50	Successful debut
Bass	236	- 11	249	196	Disappointing interim results
Cole	94	+ 19	94	46	Bajau increases stake
Elliptic (B.)	51	- 17	116	51	Poor results
Greaternans Stores A	310	+ 90	630	150	Recovery hopes
Hunting Gibson	118rd	+ 17	120	93	Deal with J. Fisher
Leigh Interests	94	- 8	111	87	Poor results
Libanon	789	+ 66	846	575	Better-than-expected dividend
Metal Box	168	+ 18	190	132	Better-than-expected results
Minet	215	+ 19	223	138	Bid speculation
Nimble	160	- 25	238	140	Lack of support
RTZ	388rd	- 19	468	375	Copper hits 31-year low
Roffe & Nolan	72	+ 18	72	43	Better-than-expected results
Routledge & Kegan Paul	245	+ 45	245	139	Demand in thin market
Sonic Sound	44	- 18	129	40	Poor interim figures
TI	128	- 14	158	116	Broker's downgraded profits
Tilbury Group	545	+ 40	545	290	Bid hopes

The wind blows cold in the east

ONLY four months ago the price of tin was still moving up to new records with metal for immediate delivery nudging \$9,000 a tonne on the London Metal Exchange. By contrast, prices of the other base metals remained depressed in line with world economies.

Consumer demand for tin was also poor for the same reason. But the price was being boosted by a mystery buying group, thought to be acting on behalf of the Far Eastern tin producers, which had dominated the market since mid-1981. This support buying culminated in a painful squeeze on market supplies and then, suddenly, the picture changed. The buyer turned a seller for a while before apparently leaving the scene altogether.

Inevitably, the previously artificial price of tin collapsed and the metal has now taken its place among the others which are depressed by a combination of over-supply and under-demand.

A fresh bout of weakness hit the price yesterday, lowering it to \$8,900.

For most of the past 25 years tin prices have been held relatively steady thanks to the efforts of the International Tin Council. It has run a series of International Tin Agreements supported by both tin producers and consuming countries.

Under these, metal has been sold from a buffer stock in the market when prices have moved above an agreed upper level and, conversely, cash reserves have been used to support prices when they have fallen too far.

A further, sixth, tin agreement is due to start on July 1, but at this stage it is far from assured that this will happen.

countries are very much divided, on whether to join the latest agreement and it is possible that it may lapse or that an alternative producers' cartel may take its place.

Whatever happens, prospects for the tin mines are none too cheerful. Renewal of the agreement, or its replacement by another cartel, will still mean agreed cuts in mine tin sales via export quotas or some similar device in order to hold the price at reasonable levels. On the other hand, a free-for-all can only result in increased over-supply, falling prices and, eventually mine closures.

MINING KENNETH MARSTON

Not surprisingly, prices of Malaysian tin shares have fallen but they still cannot be considered cheap by UK standards. Trophic Mines, for example, still show a dividend yield of a modest 6 per cent despite the chairman's recent warning that the effect of the export quota already in force coupled with the fall in the metal price, must hit profits this year.

The reason why Far Eastern tin share prices have not been more severely depressed is that Malaysian investors are still prepared to buy. They note that the tin companies often have strong financial resources to tide them over the present recession and that their share prices are relatively attractive when compared with those of other Malaysian companies.

For UK investors, however, the moral is clear: there are better fish to fry.

While the tin companies face the possibility of major cut-backs in production—if the next Tin Agreement comes into force they may have to reduce sales by about 40 per cent—world producers of the other base metals, notably copper, have already sharply cut down on their operations.

Even so, metal prices remain weak and close to, or below, the cost of production. So the belt-tightening process continues. This week America's Amx has announced a 40 per cent reduction in copper output at its Carteret refinery in New Jersey and has followed this with news of a five-week suspension of operations at the big Climax and Henderson molybdenum mines in Colorado.

From Canada comes news that Falconbridge, the country's second biggest nickel producer (after Inco) is further cutting production at its Sudbury Ontario operations and laying off 25 per cent of the workforce there. The company lost \$222m (£9.9m) in the final quarter of 1981, a further \$13m in the first quarter of this year and sees no sign of any improvement.

On the other hand, most of South Africa's gold mines are still making good profits and, where possible, they will be increasing production by mining more of the better grade ore. But they are having to keep a wary eye on operating costs.

Final dividends announced by those companies which run their financial year to the end of this month have made a generally satisfactory showing when you bear in mind the fact that the gold price in the period will

probably average a little under \$400 per ounce compared with \$360 in the previous 12 months.

Dividend yields based on these payments also look good with Blyvooruitzicht returning 23 per cent, Buffelsfontein 20 per cent, Libanon and Doornfontein showing around 15 per cent and Kloof and Driefontein around 12 per cent.

Remember, however, that gold mines distribute the maximum amount possible—they do not tuck money away for rainy days—and the gold price is now running at around \$325. Unless there is going to be a sharp recovery in the bullion price, and there are no signs of this, the interim dividends due in December will be well down.

Indications of what may be in store will come early next month with the quarterly profits for the present quarter. As things stand they will reflect a gold price of \$330-\$340 compared with \$360 in the March quarter.

At current prices, holders of South African golds might be well advised to sit tight—after all, they will have had a sizeable amount of their capital returned in generous dividend payments—but investors wishing to move funds from the other issues there can take advantage of the strength of the financial rand.

This is now at a discount of only some 11 per cent to the country's "official" commercial rand. In simple terms, foreigners use the commercial rand for buying and selling South African investments and thus when the discount is high they can buy on favourable terms but get less when they sell; the reverse applies when it is small.

Sergeant J*n*k*n was hit on the head



he lost his reason

After 3 years in the last war, after keeping the peace in Kenya, after seeing through the evacuation of Aden, during a tour in Northern Ireland Sergeant J*n*k*n was hit on the head. With a stone.

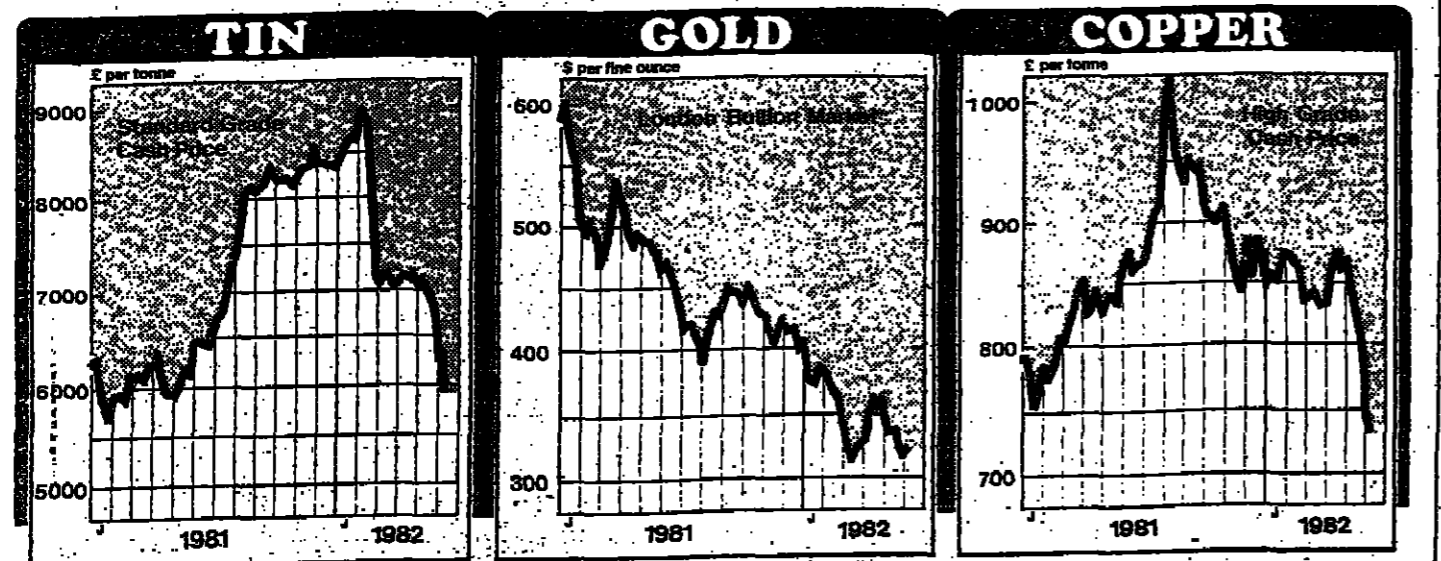
He lost his reason. He has been with us ever since he was invalided home. Sometimes in hospital, sometimes in our Convalescent Home—wherever he is, we look after him. One day, he'll probably enter our Veterans' Home for good, still thinking that the next man in the street is about to attack him.

Every year brings in more and more deserving cases like Sergeant J*n*k*n. For those who are homeless and cannot look after themselves in the community, we provide permanent accommodation in our Hostel.

And every year our costs go up. If we are to survive, we must have more funds. We're doing everything we can, but in the end it depends upon what you can afford to give.

"They've given more than they could—please give as much as you can."

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YOUR SAVINGS AND INVESTMENTS-1

Damage to drains

FINANCE AND THE FAMILY

BY OUR LEGAL STAFF

Damage has been done to the drains on our property from the roots of a willow tree standing on adjacent land belonging to the council. Can you please advise me whether by doing this would it attract CPT?

Unfortunately it would produce a corporation tax bill for the company and an income tax bill for you, as the company's auditors will be able to explain.

A will made by the court

I am the foster daughter of a childless elderly lady who was taken into hospital shortly before her husband died. Their family home was in his name and, although I believe a will was made bequeathing the house to me, an extensive search, including contacting the Registry of Wills, has failed to reveal its whereabouts. I am told that, as my foster mother is incapable of managing her affairs, the matter is in the hands of the Official Solicitor, and that the house will probably be sold; the proceeds to be included in the estate of the deceased. She does not wish her home to be sold. Is there any action I could take? Could I be granted letters of administration of the deceased estate? Could my mother make a will? If you do not know the name of the solicitors who drew up the will and you cannot other-

Close company and tax

I am a director of a small family property investment company and pay rent to the company to live in one of its houses, which has a book value of 20 years ago. Could this

Cost of a rates summons

Recently you were good enough to inform me on a matter of a General Rates Summons (posted to me in my absence) that "Section 109 of the General Rate Act 1967 makes service by ordinary post effective. There is no need to give prior notice of intention to issue a summons."

I enclose a printed form 9 used in possession summonses by me, and the certificate for postal service, wording. If such postal service "did not give adequate advice or notice to the defendant, then the

plaintiff may be ordered to pay costs of setting aside the judgment."

In this case, I was away from home for several weeks. The summons lay on the floor through the letter box. After some four weeks, on return, there came a judgment, simply because I was not here to receive any letters or open them. Under the advice you give, under section 109, am I able to apply for the judgment (made in my absence) to be set aside, and claim costs?

An expensive policy

My husband (aged 28) and I (aged 30), both employed full-time with salaries of £7,200 and £9,500 respectively, have been married two years and so far have not taken out any life insurance or even a mortgage protection plan. All our savings are in building society ordinary accounts. We are just about to move into our second house and expect to get a mortgage of £25,000. The building society want us to take out whole life with profits life assurance. But it looks terribly expensive (about £65 a month after tax relief) and you only see any benefit if one of you dies! We would prefer to use an insurance plan to save for middle age, just in case we both make it to 65-70! Could you advise what sort of policy we should join?

Also, while my husband is in a university pension plan, my work provides no pension scheme. Does this mean I should opt a self-employed pension scheme and are there any suitable for women who might give up work or go part-time for a period to bring up children?

of worse financial advice than that offered by your building society. Building societies in general have no insurance expertise but a number of them derive substantial revenues from insurance commission and various consumer bodies from time to time publicly criticise certain building societies for the "partial" advice which they give to borrowers.

In your own circumstances your most likely need is a low cost decreasing term assurance policy to cover any outstanding amount due on your mortgage should your husband die before it is paid off. If your husband is paying all the mortgage then you might buy a "life of another" term policy on his life. If you are each paying for the mortgage then it would be sensible to have two policies. If you die your husband should have a policy on your life to provide your share of the payments.

As your husband is in a university pension plan already it may not be sensible to lock up your savings in a self-employed policy where you cannot touch the money until you retire. Given that you may give up work or go part time to

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

wise trace it, the inference must be that the testator destroyed and died intestate. As his widow is not able to take out letters of administration herself, your best course would be to apply to have her made a patient in the Court of Protection so that arrangements can be made for administration of her deceased husband's estate and, if necessary, for a will to be made on her behalf by the court. It would not be wise to arrange for her to make a will except through the Court of Protection.

An interest in possession

In May 1982 A settled assets on W (wife) for her life with simple reverter to him, to avoid death duty.

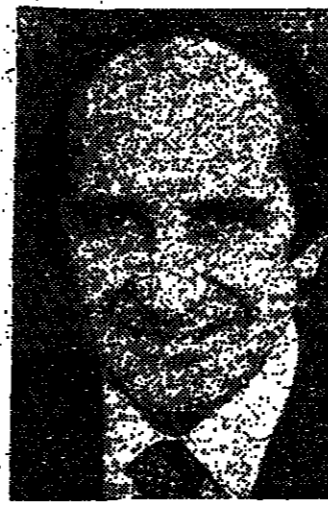
August 1971, A DECLARED by DEED while W still lives that he held his revision in trust for their children absolutely.

Will there be any tax when A or W die? On the death of the life tenant (W) capital transfer tax will be payable on the income of the whole of the trust fund as being settled property in which W was entitled to a beneficial interest in possession of the whole; but no charge to capital gains tax would arise.

The form in question is a county court form for use in claiming arrears of rent, and the statements which you note arise out of provisions in the County Courts Act 1959. These do not apply to a summons in the magistrates' court for arrears of rates. If you satisfy the rating authority that you have had no actual notice the authority may in its discretion remit the costs payable to them, which are in any case small; but they need not pay your costs.

Eric Short reports on a new index-linked savings bond

Alliance in the Granny race



Roy Cox

GRANNY BONDS (officially known as Index-linked National Savings Certificates) have been the Government's principal weapon in the war with banks and building societies for savers' money ever since they first appeared in June 1978. They have given the Government the edge in the competition, since the institutions could not match the index-linked guarantee of Grannies.

Banks and building societies have complained ever since of unfair competition. But quite by chance, this year's Finance Bill restores the balance and enables building societies to offer a Granny-style investment. This week, Alliance Building Society showed how it can be done.

The Alliance Index-Linked Certificate is virtually a carbon copy of the Granny Bond. It is a lump sum investment over a five-year period, with the capital being increased each month in line with the Retail Price Index. The capital can be withdrawn at any time, but like Grannies, index-linking will not apply unless the certificate has been held for at least 12 months.

Also like Grannies, the certificate will receive a bonus at the end of the five-year investment period. Alliance is paying 10 per cent of the original investment against the 4 per cent for Granny Bonds.

The index-linked addition, like Grannies, will be free of all income tax and investment income surcharge. But by some 20 per cent, the legislation, the first year's addition will be subject to capital gains tax when the certificate is eventually encashed. But most investors should be able to offset this liability against their annual CGT exemption.

The bonus is, however, subject to higher rate tax on the usual grossed-up basis, unlike Grannies where the bonus is completely tax free. But a 60 per cent taxpayer will receive a

solely in the 1982 index-linked gilt stock as part of the society's liquidity requirements. Alliance has to match the indexed liabilities and cannot, as yet, offer index-linked mortgages.

So what happens to the interest paid to Alliance on this 1982 index-linked gilt stock? In theory it should be accumulated and paid as a bonus on cash-in, which is what Alliance is doing in principle. But the Society wanted to keep the plan simple and let investors know in advance what they could expect.

The bonus level of 10 per cent is based on current inflation and current yields on the stock. But since the interest on the stock is also index-linked, Alliance will have to subsidise the bonus if inflation rates keep falling, while the investor loses out if inflation rates move upwards. And the investor who cashes-in his certificate before the five-year period is up receives no bonus and thus loses the accumulated interest to date—the only major flaw in the scheme.

Other societies may be able to improve on this position without introducing undue complications. What happens at the end of five years? With Grannies the investor simply leaves his Bond with the bonus to continue to be revalued in line with the RPI. With the Alliance certificate the investor has to take his money, though he can reinvest it in any other Alliance savings plan that is available at the time.

It is by no means certain that the Index-Linked Certificate will be available in five years' time. Alliance has warned at the outset that the amount of issue will be strictly controlled. But it seems prepared to accept at least £100m over the next 12 months.

Anyway, investors can possibly hold their full quota of Grannies as well as this new certificate.

5.7 per cent net bonus, while the investment income surcharge will cut the bonus to 3.5 per cent net.

Comparing the Alliance certificate with Grannies, the basic contract is identical for all practical purposes, while the bonus is higher for all but a top rate taxpayer paying the investment income surcharge.

The maximum investment in the Alliance certificate is £10,000 compared with the £5,000 maximum for Grannies. But the certificate cannot become available until the Finance Bill becomes law. In the event of any major changes to the relevant sections of the Bill, Alliance may have to withdraw or amend its Certificate. But change is most unlikely, at least that is what Alliance is hoping.

Alliance has been able to offer its Index-Linked Certificate because the Government has made index-linked gilts available to all investors and has indexed capital gains tax liabilities.

The money put into these certificates will be invested

Tyndall Life's new offer

THE LAUNCH of a new unit-linked life company is not news these days. The investing public has seen a spate of such companies appear on the market over the past two years, mainly new subsidiaries of traditional life companies, but also a sprinkling of brand new companies.

So normally, the launch by the Tyndall group of Tyndall Life would get no more than a passing mention. But Tyndall Life deserves a closer investigation because it does appear to offer something different.

First, there are the circumstances surrounding the launch itself. Tyndall has had a life assurance operation since 1985—Tyndall Assurance. This company has around 10,000 unit-linked policyholders and funds of some £60m. But the life operation has been mainly confined to Tyndall's strong unit trust operations, not the marketing of life assurance in its own right. For 17 years of operation £60m is a small figure.

Then, the launch of the life operation is intended to change all this. Tyndall Life is recruiting a strong direct sales team, as well as operating through intermediaries, under the direction of two former Hambro Life personalities—Dan Dane and Derek Jones.

Tyndall Life has also produced a brand new product range, incorporating the latest developments. But it has added two new innovations of its own. On its regular premium contracts, the investor may index-link the premiums. This enables the investor to maintain his savings in line with inflation.

Thus one major defect of regular savings plans is overcome. Normally the premium is fixed in money terms, so the benefits do not keep pace with inflation. Life companies would like to introduce an automatic index-



Deputy chairman Dan Dane (left) and managing director Derek Jones

linking of premiums, as with general insurance contracts, but this would break the tax advantages of professional investment advice at cost.

A switch costs investors 1 per cent of the amount switched if they do it themselves, or 1.5 per cent if they use a stockbroker on the STAR panel. Tyndall will pay the stockbroker 1 per cent direct and will be monitoring the performance of members of the panel.

But at the end of the day, unit-linked life assurance depends on the investment performance of the underlying funds and to date Tyndall's record is not exceptional. Many of the new funds will be linked to the old Tyndall trusts. So is this a case of the old mixture in new bottles? The first sip—the performance since April 1 1982, the inception date of the new funds—indicates some improvement. But more hard evidence is needed that this improvement can be maintained.

Eric Short

Savings with a difference

THE Department of National Savings has evidently wearied of looking after a host of different National Savings Certificate issues all accumulating interest at varying rates. So they are moving towards a new system of common rates for all these certificates that have passed their first date of maturity and have been extended.

Until now holders of maturing certificates have been offered the opportunity to continue investing in the issue but on new terms bearing a revised rate of interest relating to market conditions at the time. This normally meant giving the certificate another year of life with a fixed rate of return—usually pitched at a half a percentage point below the level of the current issue on sale at the Post Office. At the end of the extended period the exercise would be repeated another year, though possibly at a different fixed rate of return. All that is changing but it will take a few years to accomplish it.

The ambition is to get all these issues beyond their first life (ie all those on extension) on to the same rate of return. So holders of certificates who have extended the life of their investment can no longer count on a fixed return.

Gradually as the issues mature or come up for a renewal of extension they will be put on the new system. However, the Department of National Savings says this does not mean that new issues of certificates will be charged to a flexible basis. So when the current 24th issue expires the 25th should still offer a fixed rate for its first term.

Initially the common rate will be 8.4 per cent. Not a figure plucked out of the air but produced from the time worn formula of a half point discount to that on offer from the new certificates. The latest savings issue, the 24th, is yielding 8.92 per cent compound.

The first issue to come on to the new system will be the 14th which starts coming up for another extension period next week—the 17th.

To illustrate the new scheme, if an investor extended his 14th issue holding next week with a return of 8.4 per cent and the common rate was cut to 8 per cent on November 1 then on start earning interest at 8 per cent. The changes are implemented so the Department of National Savings can work out the accrued interest on a strict monthly basis.

In a few years' time when the new scheme is fully operational the rate may be changed at the first of the month with all the issues moving across to the different yields at various points through the calendar month.

The exclusions to the new system will be those certificates before the 7th issue which are on permanent extension terms and, of course, Index Linked issues.

Also among the changes being made is that interest will now be calculated quarterly instead of every four months. Terry Garrett

TR Industrial and General Trust PLC

Capital Goods	Consumer Goods	Financials	Oil	Others	Fixed Interest
23.2%	19.5%	30.9%	15.4%	9.0%	1.4%

Distribution of Investments by Sector					
Retail Price Index	302	340	375		
	252.2	284.0	313.4		
	180				
	100	150.6			
	83.6				
	1972	1976	1980	1981	1982

Gross Dividend per Share (Indexed)					
	262	286	286		
	3.93p	4.29p	4.29p		
	100	127			
	1.50p	1.91p			
	1972	1976	1980	1981	1982

F.T.A. All Share Index					
	100	110	142	150	
	217.7	240.4	309.7	326.6	
	1972	1976	1980	1981	1982

Net Assets per Ordinary Share (Indexed)					
	100	95	132	108p	175
	60p	57p	79p		105p
	1972	1976	1980	1981	1982

Total Assets at 31st March 1982: £250 million.

There are signs that the U.K. economy is improving. Companies should be well poised to take advantage of opportunities. However, the world-wide recession means that recovery is unlikely to be rapid.

The U.K. content of the portfolio will be reduced to about 50% and the U.S. and Japan content increased to about 20% each, subject to investment conditions.

A. G. Touche, Chairman



A member of the Touche Remnant Management Group. Total funds under Group management exceed £1,300 million.

The Report and Accounts can be obtained from TR Industrial & General Trust PLC, Mermaid House, 2 Puddle Dock, London EC4V 3AT.

July 1 to 1982

Richard Grenville Financial Management introduces the Central Locking System for prudent investors.

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CAN YOU put your hand on your heart and swear you know where all your money is? If you have handed over some of your hard earned cash to an investment adviser to manage on your behalf the chances are the answer is no.

A string of highly publicised collapses in the investment management field last year highlighted the inadequate protection frequently offered to investors. With legislation to increase the security given to investors at least a year away any steps taken by individual investment advisers which make it difficult to embroil clients' funds are to be congratulated.

About a year ago Richard Grenville Financial Management, a small City portfolio management company and investment adviser, initiated discussion with its bankers Lloyds on how to improve the protection the group could offer its customers. The talks led to what the company has dubbed the Central Locking System.

Under this system, the client, Richard Grenville and Lloyds, all sign an investment management agreement. This specifies both the type of investments in which clients' money can be placed and more importantly regulates the procedure for transferring clients' cash from a bank account into the chosen investment vehicle.

To see how the system works let's assume a customer agrees to hand over £1,000. This sum will then be placed in a client's account at Lloyds Bank. If the client wishes to withdraw cash he or she may do so provided written instructions are provided. No one from Richard Grenville can withdraw the cash which falls within the scope of Rosemary Bur

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Bidding Invitation
DS/GEAF - 088 thru 014/82
Simultaneous Prequalification and Bidding

1.0 - COMPANHIA HIDRO ELÉTRICA DO SÃO FRANCISCO - CHESF by means of this Bidding Invitation, makes public to all concerned its decision to open, simultaneously with a Prequalification Process of Manufacturers, an international bidding for the design, manufacture, testing and delivery to the site of the equipment listed below:

a) - Lot 1 - One thousand, four hundred and fifty six (1456) tons of ACSR Conductor Grade 66S/MCM

- Lot 2 - Thirty (30) tons of ACSF shield wire 178/S/MCM

- Lot 3 - Two hundred and twenty seven (227) tons of 3/8" EHS shield wire

- Lot 4 - Fifty (50) tons of 1/2" EHS shield wire

- Lot 5 - Twenty eight (28) tons of Counterpoise wire

- Lot 6 - Hardware for 230kV TL's

- Lot 7 - 230kV Translators, seven hundred and seventy (770) tons of 230kV TL insulators.

- Lot 8 - Fifty seven thousand, three hundred and seventy five (57,375) 230kV TL insulators.

NOTE: The Bidder may quote for one or more complete Lots of materials of each item above.

2.0 - For purposes of the equipment and services referred to in item 1.0 above, CHESF will carry out with funds from (SFD) SAUD FUND FOR DEVELOPMENT.

3.0 - The prequalification process for the selection of firms to supply the equipment and services above is limited to Brazilian and/or foreign manufacturers, worldwide located and/or joint venture, which are not currently under the jurisdiction of the competent organ of the Arab League or the regulations in force in the Kingdom of Saudi Arabia.

4.0 - CHESF might, at its own discretion, make inspection at the manufacturers plants in order to appraise their capacity to supply the equipment and services object of this Bidding Invitation.

5.0 - The instructions and services object of this Bidding Invitation and proposal will be available to the interested parties at the address of C/S 4.000,00 (four thousand cruzeiros) at the following address: 66 of June 14, 1982.

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DEPARTAMENTO DE COMPRAS E CONTRATACOES - DCC
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6.0 - a) Prequalification documents:
b) General Bid and
c) Bid Prices.

7.0 - The envelopes containing sub-items a, b and c of item 1.0 above will be received until 09:00 a.m., on July 27, 1982, and those containing sub-items d, e and f of same item, will be received until 03:00 p.m. on the same day, when the simultaneous opening of prequalification documents and proposals will take place.

8.0 - The envelopes containing the Bid Prices will be opened later on a date to be announced to the bidders.

9.0 - A Bidder submitting an individual Bid is not entitled to quote through its bid envelope in the same bidding process, for each item of the invitation to Bid.

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YOUR SAVINGS AND INVESTMENTS—2

Paul Taylor reports on the implications of the major banks' decision to cut base lending rates

More options for savers and borrowers

THE DECISION by the major High Street banks to cut their base lending rates by half a percentage point to 12½ per cent on Tuesday, although widely expected in the wake of falling short-term UK interest rates, presents personal savers and borrowers with a new range of options.

At the same time the banks cut their seven-day notice deposit account rates by either three-quarters of a percentage point or half a percentage point to 9½ per cent and Midland, Lloyds and Barclays have cut the interest rates charged to their Access and Barclaycard customers.

The cut in base rates, the first since March 1 and the seventh since base rates stood at 16 per cent last October, will be welcomed by personal bank customers with overdrafts but was not large enough to prompt a reduction in either bank or building society mortgage rates. The reduction in savings rates makes the building societies and National Savings accounts seem even more attractive to tax-paying savers.

Four of the High Street banks—Barclays, Lloyds, Coutts and National Westminster—reduced their seven-day notice deposit rate by three-quarters of a percentage point, thus widening the spread between deposit rates and overdraft charges and joining all the other major banks who reduced deposit rates by half a percentage point to 9½ per cent.

This means that the interest on ordinary bank deposit accounts is worth 8.65 per cent to basic-rate taxpayers compared with the 8.75 per cent tax-paid available on most building society ordinary share accounts, equivalent to 12.5 per cent gross.

Higher returns are available on some of the banks' variable interest rate, investment and fixed interest rate investment accounts. For example, Barclays' one month deposit investment accounts pay 11½ per cent before tax and the bank's three and six month accounts pay 11½ per cent before tax, equivalent to 8.225 per cent and 8.05 per cent tax-paid respectively.

However, for taxpayers even these rates look poor against the higher after tax returns available elsewhere, for example on building society longer term accounts, the 8.92 per cent available on National Savings Certificates and the yields available on gilts.

The other side effect of the reduction in bank deposit rates is that customers whose current account balances fall below the limit for free banking at banks where the national interest allowances against charges is linked to the base rate will end up either paying charges for the first time, or paying higher charges.

This will particularly hit customers of Lloyds and National Westminster, although National Westminster has a free banking limit of £50, half that of the other major banks.

Customers with hybrid interest-bearing current accounts such as those operated by the Royal Bank of Scotland and First Co-operative Finance will also lose out.

For example the national interest rate on the Co-op's pioneering Cheque and Save account is being reduced by 1 percentage point to 9 per cent. On the other side of the coin personal banking customers who run up overdrafts will be paying less. The base rate cut means that overdraft rates for personal borrowers should come down to between 15½ per cent and 17½ per cent.

Midland Bank's decision to cut interest rates to its own Access card holders from 2.5 per cent a month to 2 per cent a month on June 17—a move to be matched by Barclaycard and Lloyds on its Access cards from July 1 but not yet followed by the other banks in the Access scheme—is also good news for credit card holders who operate their accounts as an additional source of borrowing.

The reduction means that the annual percentage rate on Midland and Lloyds Access cards has come down from 30.6 per cent to 26.6 per cent.

Barclaycard calculates that, after allowing for minimum monthly payments and other factors, the annual rate of charge has been reduced to 26.8 per cent when goods and services are purchased and about 27.2 per cent on cash advances.

More significant, someone buying goods worth £100 on either a Barclaycard or Midland and Lloyds Access cards and paying back the amount in full over three months will pay a real interest rate of 16.8 per cent. If payments are spread over six months the true interest rate will be 21.6 per cent.

Access customers who have cards issued by the other Access partners who include National Westminster and Williams and Glyn's banks will have to wait until next week to find out whether their card interest payments are to be reduced although it is generally expected that the other Access banks will be forced to follow if only for competitive reasons.

Perhaps the most disappointing aspect of the base rate cut

	Nil	30%	45%	60%
BANKS				
7 Day deposit	9.5	6.45	5.225	3.8
NatWest Investment Account				
3 months	12.5	8.75	6.875	5.0
6 months	13.0	9.1	7.15	5.2
Lloyds Option Deposits				
2 years	11.5	8.05	6.325	4.6
5 years	12.5	8.75	6.875	5.0
BUILDING SOCIETIES				
Ordinary share rate	8.75	8.75	6.875	5.0
1 month notice	9.75	9.75	7.66	5.7
3/5 year term shares	10.75	10.75	8.45	6.14
NATIONAL SAVINGS				
Investment Account	13.0	9.1	7.15	5.2
MONEY FUNDS				
Simon Call	12.33	8.63	6.78	4.93
Tyndall Demand	12.67	8.87	6.97	5.07
Fixed Rates				
Barclays Investment Accounts				
1 month	11.75	8.225	6.46	4.7
Three and six months	11.5	8.05	6.325	4.6
NATIONAL SAVINGS				
5-year Certificates	8.92	8.92	8.92	8.92
(24th issue)				
GILTS (net redemption yields)				
Treasury 3% 1984	9.5	8.55	8.02	7.49
Exchequer 13% (A) 1987*	12.52	9.11	7.01	4.92
Exchequer 14% 1984*	13.03	8.76	6.62	4.49
* Thursday's figures.				

for bank, and building society borrowers, is that mortgage rates will not be coming down—at least for the moment. The banks argue that their mortgage rates had moved down ahead of the base rate cut. Currently most banks charge 13½ per cent which they claim is roughly equivalent to building society home loan rates because of differences in the method of calculation.

They might have been forced to reconsider this attitude had the building societies chopped their rates yesterday but the building societies consider the base rate cut insufficient to trigger a response.

The widening of the margins between bank and building society savings rates is likely to further boost building societies net receipts which have recently been very high. However, mortgage lending has been high too, and the building societies are expected to wait before deciding on any rate reductions.

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How to act when interest rates fall

INVESTORS over the past decade have become accustomed to high levels of interest rates. That situation could eventually be changing and investors will have to relearn the rules of what to do when interest rates are falling rather than what to do when they are rising.

This may be uncomfortable for many investors. With rising interest rates, delay is the name of the game in considering fixed interest investments. Often investors found they benefited, not by a deliberate decision to wait, but because they could not make up their minds.

With falling interest rates, investors do not have the luxury of time in which to make up their minds. They have to decide quickly whether or not to invest in which type of investment to make.

This is certainly the case now regarding Guaranteed Income Bonds and annuities. These investments offer fixed rates of return so look extremely attractive in times of falling interest rates. It is a good thing to have bought a bond yielding 11 per cent, if for the next few years interest rates are going to stay in single figures.

Life companies base their yields and annuity rates on current interest rates. Their reaction time to interest rate changes, however, can vary from a few days to a few weeks. But some life companies have cut their rates in the past couple of weeks and their are signs of a general rate cutting campaign.

Guaranteed Income Bonds have been steady sellers for the past decade now, even though since last September, life companies have not been able to use life insurance premium relief to boost the yields. GIBs are most popular with elderly investors around age

60. These investors prefer to use a long established life company, simply for the security implied by tradition.

Thus at a time when life companies are pulling out of the GIB market, they will be interested to hear of one coming into the market today—English Insurance Company.

English is now one of the two life companies within the General Accident Group. It is embarking on an expansion phase, with the GIB as its first move. As the table shows, its rates are the best in the market. But the bonds are only available for a limited period, direct from the company or from any GA branch.

The anticipated fall in annuity rates is of concern to those elderly investors thinking of using some capital to boost their income. A delay of a few weeks may mean a lower return from their capital. Annuity rates are fixed at the time of purchase.

This problem applies very much to the self-employed, who can take the cash equivalent from their pension contract and buy an annuity on the open market. In theory, a fall in interest rates means a rise in cash value, compensating for the annuity drop. In practice, while linked contracts adjust immediately, with profits bonuses change once a year.

Lloyds Bank has bowed to pressure from its customers and plans to reintroduce a chequebook with stubs. In February the bank introduced a new slimline chequebook without counterfoils. Customers wishing to keep a tally of their spending had to fill in the number of the cheque, the amount and the payee in the four pages provided for this purpose at the beginning of the chequebook.

At first Lloyds refused to budge on the issue. Despite a small but vociferous minority of complaints from customers who either wished to have chequebooks with counterfoils or those who felt the layout of the new trimline chequebook could be improved, the bank stuck staunchly to its new product.

Customers who wrote to Lloyds complaining were told in no uncertain terms during April that the bank "is unlikely to revert to the old stubbed type or indeed offer our customers choice." The reason for this stance was "a considerable cost saving which would be reversed if a dual system of cheque books were to be issued."

What about the smaller cheque book being more convenient for customers? Replied to one customer, Lloyds admits the new cheque books "may not now be as convenient for fitting hip pockets of trousers" and that "the new shortened format... makes it difficult to fold them and thus fit a folding type of wallet which we used to issue with the old type of cheque books."

From the bank's point of view that's no great hardship as it says "we would prefer that cheques are kept flat, so that when they are fed through the automated sorting machinery there is less likelihood of it jamming."

The battle lines had clearly been drawn up. About one month later, Lloyds had changed its mind. Lloyds' customers should be able to get cheque books with stubs early next month. The bank is putting a brave face on its climb-down saying "we still hope to make the new cheque book the basic one."

What is more the bank has taken on board some of the public's criticisms of the existing record sheet in the stubless chequebook and this will be revamped in due course.

All of this goes to show that if customers complain loud and long enough they can get better services. So if, for example, you think banking hours are inconvenient don't just moan about them but write to your bank manager. Now that Barclays has decided to experiment with Saturday opening the other clearers are sensitive to public opinion on this subject.

Rosemary Burr



Buying bullion

DREAMS DON'T often go on sale in the City, but a most seductive dream will soon be stapled with a price tag and put on the market. Mocatia Metals, the U.S. bullion dealers, will be the purveyor of this new product, which they have called the lookback option.

The six-month lookback option, available for gold, silver or platinum, will simply guarantee that the purchaser can buy the selected commodity at its lowest price over a six-month period, or sell at the highest price.

To buy at the bottom of the market and sell at the top is, of course, the ultimate fantasy of every investor, one for which even the most scrupulous investor might be tempted to sell his mother.

Mocatia will soon be offering this service, in a somewhat modified form, and is quite excited about its potential. But like any fantasy translated into pounds and pence, the lookback option commands a steep price.

The option was born in New York where Mocatia Metals is based. It has been in operation there for about six weeks and has already attracted a couple of hundred plungers. Obviously, the first question from any investor is whether the option's hefty price tag cancels out any chance of a profit.

Mr Terry Mayer, marketing manager of Mocatia Metals, says that the ordinary 180-day option on gold would cost about \$30 on a \$225 striking price. If sold down to \$250 and back to \$325 in the next six months, the ordinary option would be worthless, says Mr Mayer.

The lookback option, which would cost about \$60 under similar conditions, would allow

the investor to buy gold at \$250 and thus realise a \$15 profit on his \$60 investment, or a return of 25 per cent.

Of course, if the market holds steady or just drops, the lookback option is a bust. But there is another important feature of the option.

"From an ego point of view," says Mr Mayer, "it is certainly a major attraction to be able to tell others that you bought gold last month at the bottom of the market. The brokers do feel that this is the more attractive part of the option."

The Mocatia executives on both sides of the Atlantic hope that the lookback option will help to widen the understanding and interest in this still somewhat esoteric area of financial dealings.

"Most people don't understand options," says Mr Mayer. "We may build a better mousetrap, but if the buyer doesn't understand it, he won't beat a path to your door."

Mr Mark Suter, of Mocatia and Goldmid, a sister company of Mocatia Metals, says that the option will be launched in Europe in the next two or three months. Calling it a "sexy deal," Mr Suter is hoping that it will appeal to customers who haven't bought an option before.

"Options have been around the City for years," says Mr Mayer, "but they still only account for 3 per cent of the volume of financial transactions."

In any event, an option which offers the chance to buy at the bottom or sell at the top—even if that produces nothing but a loss—should at least provide a few welcome dividends at cocktail parties.

Carla Rapoport

Humane managers

VIEWERS FROM the inside of any profession are almost always illuminating—and quite often entertaining, too.

"How to Manage Your Bank Manager," a recently published book by ex-bank manager John Duncan fits this description and among other insights gives the reader an idea of how he or she might be viewed from the managerial chair.

If Duncan is anything to go by, bank managers are more human than some people might suppose. During his years with one of the big four clearers he classified customers by reference to a "pain scale"—those who caused him problems, those that were trouble-free and those that fell in between.

Factors that scored "pain points" included constant unauthorised overdrafts, demands for interview without an appointment, complaints over account charges of £1 or less, the lack of control of financial affairs, general timewasting and dishonesty. He lists 10 categories altogether and then "unabashed" as he puts it, slots us all into categories according to our profession.

Teachers, servicemen (officers only) and journalists come top of his hit list, for example, scoring 8 out of 10, though doubtless he intended to exclude financial journalists from this terrible slur. Among those three cate-

gories teachers are the only profession to get a black mark for regular dishonesty—an observation which members of that profession will not find any less flattering knowing that stockbrokers—who overall have a better record with 3 out of 10—are the only other people so categorised.

Insurance brokers, PR and advertising executives and antique dealers score five pain points, with builders and decorators, salesmen, farmers, servicemen (NCOs) and Secretaries with four.

Nurses, clergyman and firemen generally gave Duncan least bother with only one mark (the clergyman's only sin is to take "constant unauthorised overdrafts") but nobody is absolutely perfect.

Besides these irrelevant observations—and there are plenty of them—there are some tips and explanations for the individual bank customer. Looking ahead Duncan says, "Soon you will be able to sit at home in front of your TV and sort out your finances literally at the touch of a button."

The book is made for a Christmas stocking—but it is also slim enough to fit into a pair of summer socks.

David and Charles, 80 pages. Price £3.95p. Tim Dickson

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PROPERTY

Time sharing in Lakeland

BY JUNE FIELD

"LAMBSING SEASON—don't disturb the sheep," says a notice above the door of Eiterwater's Britannia Inn, named for the 100-gun warship which entered service with the Royal Navy in 1682. Lambs come late in the Lake District, and most of the brown-coated pale-faced Herdwicks are still fairly small and defenceless.

The Lake District, now classed as Cumbria when it was once partly in Cumberland, Westmorland and Lancashire, usually attracts unkind comments about its weather. Yet as C. H. D. Aisland observed in *The Lake District* (Country Life/Hamlyn 1979): "The visitor who realises the bracing lake, the bobbing torrent, the green field or the deep woodland knows where that weather will not be the Lake District would not be the place which attracted Wordsworth and still draws people, not only from the rest of Britain, but from the world over."

Last weekend near Eiterwater, named from the old Norse swan lake, tucked under the impressive Langdale Pikes, I sat on the terrace of a Norwegian-style lodge set over a beck (brook), where little brown trout darted around the cool, clear sun-dappled water.

I was in the Lake District National Park on the 23-acre Langdale Estate, site of a former bark mill and gunpowder works, and more recently, caravans. Now it is being developed as an £8½m timeshare complex and leisure centre.

Although unimproved two-up, two-down, lakeland terrace houses can still be found around £13,000 in Kendal where I bought the famous energy-producing Mint Cake, a sugar-salt "As Supplied to the British Everest Expedition 1975", modernised holiday cottages with views of the water are £30,000 or more.

So this first property-sharing operation in the Lake District with its unique situation is both logical and extremely desirable. It is being run by the Langdale Partnership, seven enterprising North country businessmen, some of whom are already involved in a successful self-catering development, Brookwood Park, Broughton-in-Furness.

The partners are farmers Christopher Hindley, Charles Lloyd-Baker and Anthony Roberts, master builder Terry Proctor, chartered surveyor Peter Roberts, Earl Peel and Brigadier Charles Tryon-Wilson. Funding is from their own securities and assets which are in excess of £16m, and through the European Investment Bank in Luxembourg.

With 20 of the 77 lodges well under way, the swimming pool, squash courts and an oval, being built by Bovis, are planned to be ready by mid-December.

"We aim to make this the highest quality holiday property undertaking in Britain," Lord Peel, who lives at Gunnerside Lodge, Richmond, Yorkshire, told me. (William James Robert "Willie" Peel, direct descendant of Sir Robert Peel, is also a director of Herrick Jones, a company that organises visits for Americans.) "And as the partnership are retaining the leisure facilities, hotel accommodation and restaurants in their ownership and as a profit centre in their own right, purchasers can be assured that there will be an efficient and professional management structure."

Working on the site of an old gunpowder factory (it opened around 1824 and closed a little over a century later), has meant some complications, with hidden mill-races appearing just where foundations are required. Buildings containing the machinery that sorted, purified, ground, mixed and polished the powder, all had to be destroyed, and Board of Trade regulations demanded that fire was used to purge all the places where powder might have gathered under floors and in walls. Storage moved in to reclaim valuable copper, brass, zinc and lead-coated machinery, and souvenir hunters took the copper watering-cans, horseshoes and brass clog-tips.

Many of the old mill-stones are still there. They weigh about 10 tons and used to cost £90 each, with 20 horses needed to haul each one from Conistone. In the 1930s the estate was developed by Mr Dick Hall as a tourist attraction with 11 large waterweirs.

He was succeeded by his nephew Ceylan Barker who ran the catering business, but found it a struggle to maintain the place. Now the new owners are draining, clearing and refilling the tarns, repairing sluice gates, building new water-races and strengthening dry-stone walls and bridges.

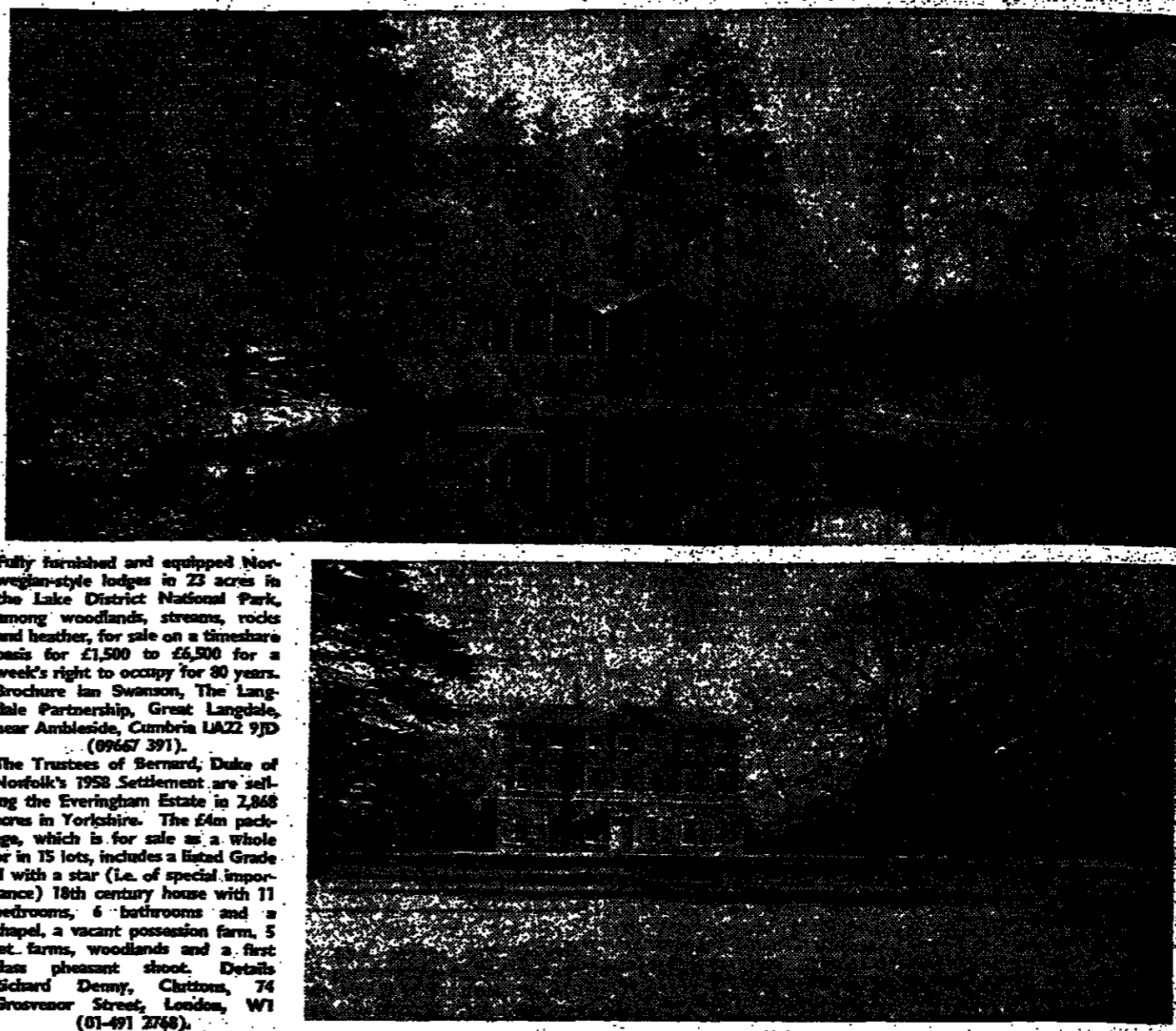
The natural wood lodges clad in green stone and slate from nearby quarries are centrally heated, triple glazed and highly insulated. They are named for the mountains and lakes, and the one I stayed in was Bleasdale, stamping ground of huntsman John Peel (1776-1854).

As well as fine furnishings, there is a sophisticated array of kitchen equipment including an indoor built-in barbecue on which we grilled our steaks, a whirlpool bath, sauna, "impulse" shower (it shoots hot and cold water alternately), colour television, stereo radio cassette player, baby alarm and security system. Prices are from £1,500 to £8,500 plus VAT depending on the time of year and whether it is a one, two- or three-bedroom unit.

This covers one week's "right to occupy" for 80 years plus the opportunity to keep a boat during your stay and launch it on Conistone as well as fish for trout. Management and maintenance charges are from £85 for each week.

Some £1m-worth of weeks have already been sold since the launch about two months ago, mainly to accountants, solicitors, doctors, teachers and various small-business owners, many buying a mixed package of time through the seasons. Companies are interested in the conference amenities that are part of future plans.

For a brochure and details of a special price stay in one of the lodges or at the existing Pillar Hotel (so called because it was originally just an open-pitied drying-shed for salt-petre sacks used in the making of gunpowder), or at the Wordsworth Hotel, Grassmere,



contact Mr Ian Swanson, sales director, Langdale Partnership, Great Langdale, near Ambleside, Cumbria (09667 391).

Those who want to go into the leisure industry themselves, should contact Langdale partner Mr Peter Roberts, who is also senior partner in Davis and Bowring, Main Street, Kirby Lonsdale, Carnforth, Lancashire, chartered surveyors who specialise in land and leisure management as well as selling property in association with Savills.

"A lot of agricultural land is marginal, which means that there is scope for diversifying into facilities for shooting, self-catering, a caravan park and so on."

In Grassmere, which Rumber Davies refers to as "A Walk Around The Lakes" (Hamlyn Paperbacks 1980), as "very genteel and well heated," there are seven holiday units on offer at £150,000.

Stokers Hall, in 1½ acres at Kirby Stephen, 12 miles off the M6, an 11-bedroom, five-bath room Victorian house has an indication from Eden District Council that consideration might be given for sub-division into several dwellings, a hotel or a club. Offers in excess of £250,000 are being invited.

Holiday apartments at Ferry View, Bowdler-on-Windermere are from £21,500 (Mr Graham Mitchell, Needs, Rains, 25 Finkle Street, Kendal), a house at Grif Head, right on the lake is £40,000 (Tiffin King, Nicholson, Windermere), and converted apartments at a former hotel. The "Crest" development on the north bank of Windermere, an £80,000 through Rhinobar, Matthews, Eiterwater's Square, Windermere.

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TRAVEL

ARTHUR SANDLES

THERE IS only one way for the first-time visitor to see Egypt from the top. After that it is all down hill.

Cairo is too much of a baptism of fire. Its traffic hurries, its dust chokes and its sun burns. Better by far to leapfrog through Cairo airport and head immediately for the gentler—if at times even warmer—terrain of the upper Nile.

Holiday memories tend to be mental picture postcard shots rather than vivid continuous recollections of languid days and spectacular trips. My own memories of the Upper Nile are encapsulated in a scene of colonial decadence, sitting sipping drinks on the balcony of the Old Cataract Hotel at Aswan, watching the sunset and observing the scudding feluccas on a darkening river.

It is a remarkably thick-skinned visitor who does not emerge after even a brief visit to his first Egyptian archaeological site suffering from amazement. Mighty buildings were erected some 5,000 years ago and many, perhaps a little newer, remain today to make some of the efforts of Greece or Rome look like Lego work.

For the casual visitor what is perhaps most impressive is that all this seems to have come from nowhere. There is little trace of any intermediary stage between wasteland and gold leaf. At one moment, if the rocks are to be believed, there was desert and the next there was a civilisation in full flower. The main course of this impressively rich diet or sights, sounds, smells and monuments is Luxor and, whatever your view about my advice on starting in the Upper Nile, it is Luxor, Karnak and the City of the Dead that will prove the highlight of the visit.

It is not for nothing that recent years have seen an explosive growth of cruise vessels on the Nile. I share most travellers' repugnance to touring en groupe, particularly where that group is in enforced

journeys in a bus or boat. But in Egypt, with the Nile as a glitteringly peaceful M1 running through the middle, the cruise ship is the natural way to see things. It is immensely practical to have the same room to sleep in, make a home of and even spend the seemingly mandatory day or so recovering from the Pharaoh's Revenge in comfort.

The ships come in varying shapes and sizes, from the glittering juggernauts run by Sheraton to small and comfortable craft leased to various tour companies. The smaller vessels are more fun, more like a house party, but the larger ones have more facilities, such as hairdressers, and provide more opportunity for escaping fellow passengers to whom one may not have instantly taken.

In my own case it was a dozen or more people aboard the Abu Simbel, a modern vessel complete with air conditioning and well filtered water but much the same size as the Death on the Nile ship of cinematic fame.

It is normal to join the ships either in Cairo or Aswan and, again, I would urge the latter. From Aswan, a gentle introduction to Egypt both past and present, you fly up to Abu Simbel. It is here that your eyes begin to boggle into what they are likely to be set for the rest of the trip. Others have described the huge statues of Ramesses II that dominate the landscape, thanks to recent rescue efforts which snatched them from the high waters of Lake Nasser. I will not attempt it. All I will say is that the visit will not disappoint unless you are of a particularly dull spirited nature.

Some fabulous views are much overrated. I can recall being deeply disappointed by the



Feluccas on the banks of the Nile

water jet at Geneva when, as a teenager, I saw it for the first time, and I must confess, the Sphinx, weather weary and visitor torn, was another let-down (but not the pyramids). Abu Simbel, however, I put with the Taj Mahal, the Kremlin and Africa's wildlife as things which words cannot seem to capture.

If Abu Simbel is capped by anything then it can only be the temple at Karnak, just down the road from Luxor and across the river from the Valley of the Kings where lies the tomb of Tutankhamen. Your cruise boat will probably rest at Luxor for a day or more, giving you the opportunity to stroll the streets as well as see the sights. Touts, offering buggy rides, boat trips and shopping bargains are eager to the point of insistence, but not oppressive as they can sometimes become in Cairo itself. Cotton products, if bought carefully, are worth getting.

Most tourists seem to come back with a jellalabas, that long and cooling Egyptian outer garment which is certainly pleasant enough to wear and can come in useful for mooching about the house in a hot British summer. Expect to pay between £6 and £16 for them (Egyptian pounds) according to quality and be prepared to bargain. You may initially be asked for £20 to £30. Avoid touts selling mock antiques. Even the stone they are supposedly made of is heavily disguised and usually extremely soft sandstone underneath.

When travelling on the smaller boats you may also find yourself offered Egyptian food and particularly the superb Egyptian flat bread. Things to look for include Focci, a spicy bean and tomato concoction half way between a stew and a thick soup, tahina; kebabs

and kofta; and, as a delicious dessert, omni-fall, a baked mélange of rice, raisins and coconut in milk.

Another advantage of the smaller boats is that there are fewer passengers per guide and, since the guide is doing and sailing with you, the traveller can get full brain-picking value.

If any visit is worthy of pre-departure research it is Egypt, and I would urge some careful mugging-up on the complex subject of ancient Egypt, its royalty and its mythology. It may still take a few days before you even start getting the various gods sorted out, but it will be well worthwhile. As is so often the case the Berlitz pocket guide to Egypt is the best short aid.

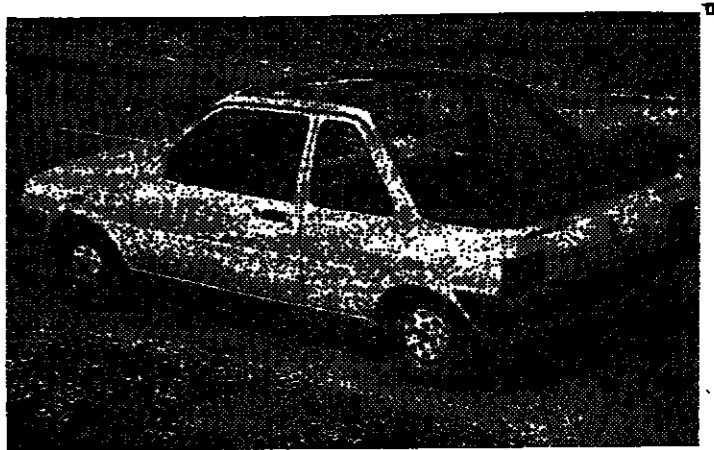
I have omitted much discussion of Cairo largely because the joys and distresses of that city are documented elsewhere. As with most places in the country you are far better off as part of a group, provided the group is well chosen. Let someone else handle the problems of backseeh and administration.

You may have heard bad reports about the Cairo Museum which was indeed, until recently, a spectacular archaeological junk heap. The money that the world tour of the Tutankhamen relics raised has been put to good use in bringing some order into the previous chaos. When I was last there, in April of this year, work was still very much in progress and some galleries were closed. Be prepared.

Incidentally, it is very pleasant to be able to see the Tutankhamen treasures without the hours of patient waiting that were necessary in London and New York.

Further information: Abercrombie and Kent, 42 St. James Street, London SW1X 9LU.

Let in the sun



The Metroport ragtop

MOTERING

STUART MARSHALL

SUNROOFS make driving much pleasanter in summertime and I wouldn't be without the Panorama glass one in my Peugeot estate. But in a real heatwave, there is nothing to equal a convertible.

The trouble, as no-one needs reminding at the moment, is that sub-tropical spells invariably end in storms. When the sky darkens and the first thunder spots splash against the windscreen, you wonder how easy the hood will be to erect and if it will keep the rain out.

The Metroport ragtop I have been using this week cannot be faulted on either count. Three times on a 100 mile journey I had to put the hood up when cumulo-nimbus blotted out the sun. I can't say it was just like opening a broody, but I've had harder struggles with beach umbrellas. Once up, the hood kept out rain that fell like stair rods. If the uncovering and covering up hadn't been so easy, I would have been sweating in a closed car instead of soaking up the sun between the showers.

Abingdon Classic cars designed the Metroport convertible and initially made it for sale by Rapport International. When Rapport went out of business, Abingdon Classic Cars—a reincarnation of the failed Mallieu company—took over the marketing themselves. Metroports are now leaving the factory, where the main activity is restoring and rebuilding MGs of various kinds, at the rate of four or five a month.

It is a clever and appealing little convertible. As far as the rear edge of the doors, it looks like any other Metro. Abingdon's radical surgery on the sheet metal includes turning the tailgate into a boot lid, remaking the rear quarters with smaller windows and cutting out the entire roof.

A stout, padded roll bar is installed to keep the body rigid. As a result the Metroport suffers only slightly from scuttle shake (it makes the fascia tremble) when driving over rough roads. The hood sits above the boot, which remains a useful size. Folding the rear seat-backs down more than doubles luggage capacity. Rear passengers have just as much foot, leg and shoulder room as in a standard Metro. The same cannot be said of the VW Golf convertible, which it is fair to compare the Metroport with.

Any Metro may be converted but Abingdon think that most demand will come from MG Metro buyers because the cost—£1,850, plus VAT—is high enough to make it hardly worth turning a £3,250 Metro City into a softtop. Any of the 38,000 members of the MG Owners Club qualifies for a 14 per cent discount on the price of the MG Metro and a further £100 off the cost of the Abingdon conversion.

The job takes between two and three weeks. BL cars, who no longer have a convertible in their range since the TR7's demise, have shown a lot of interest in the Metroport but that hasn't stopped them from invalidating the warranty of a converted car. Abingdon Classic Cars will take it over, but it will cost the buyer £85. If you are still interested, the number to ring is Oxford 730991.

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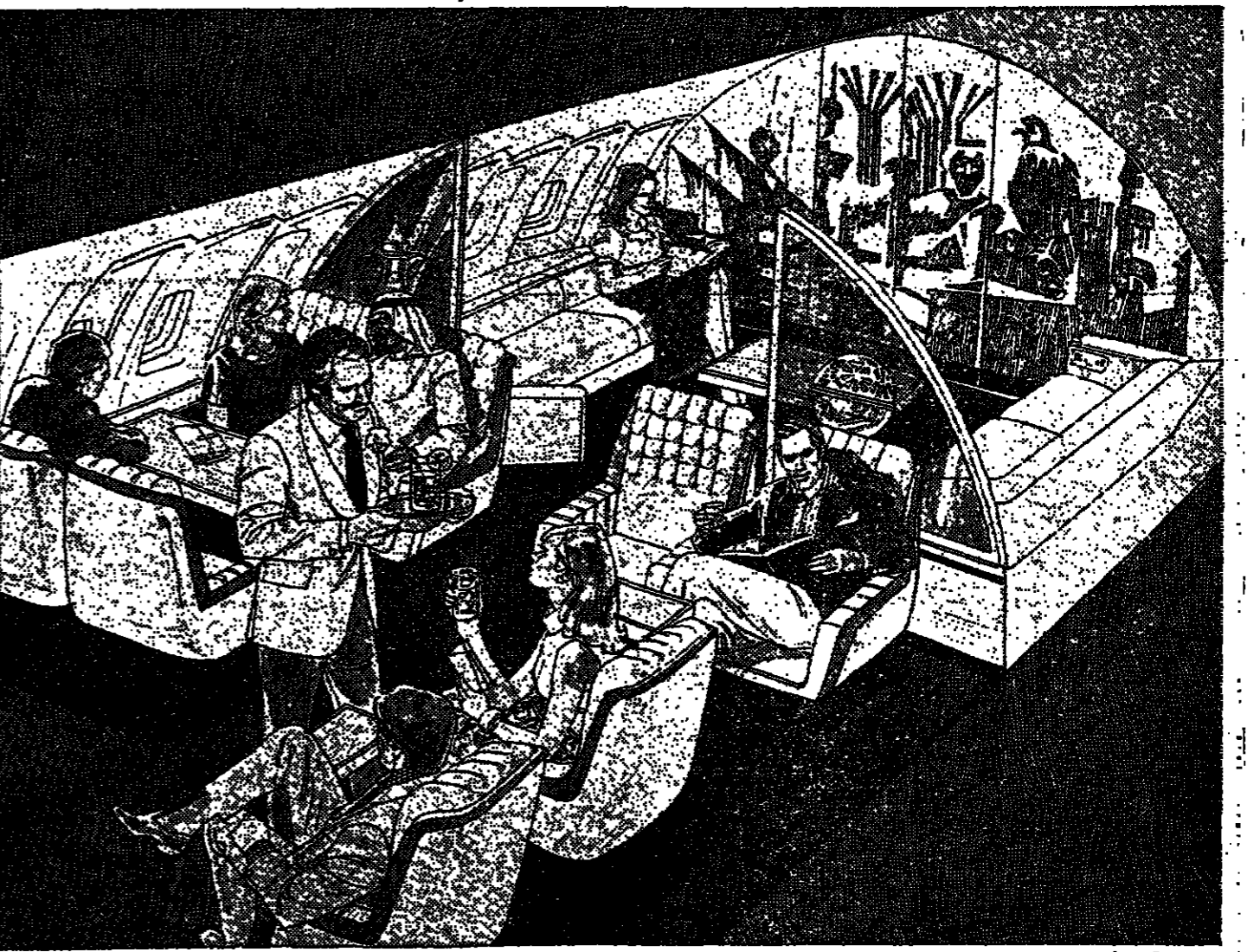
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BOOKS

Aubrey observes

BY A. L. ROWSE

John Aubrey's Monumenta Britannica: A Miscellany of British Antiquities

William Prym, who did so much to bring it on: "He was of a strange Saturnine complexion. Sir Christopher Wren said once that he had the countenance of a witch."

A great walker — walking up Silbury Hill. Charles—who was a founder of the Royal Society, with Aubrey one of its original Fellows—encouraged him to compile this great work covering all the antiquities of Britain.

Only after 300 years are we privileged and duly grateful to have it. Two amateurs, in the best sense of the word—lovers of the work and of John Aubrey—were combined to produce it from the original manuscript, one of the treasures of the Bodleian Library at Oxford.

It is a sumptuous and an astonishing production: it gives us a photographic reproduction of the manuscript, with all Aubrey's drawings and measurements—valuable if only because so much has disappeared since.

But this new work—dug up from the mass of his unpublished manuscripts—brings back the authentic literary favour of Aubrey's no-famous Brief Lives. Here he is on a place, Avon Gorge:

Of the odious Puritan. So much for civil war and the Puritan Revolution: it tells one so much more than volumes from the professor—it goes to the heart of things.

Then there is the fascinating proposal, probably not original, that the assassination of this barely literate peasant exponent of faith healing, by Prince Felix Yusupov in a ham-handed aristocratic conspiracy, ensured the October Revolution.

Mr de Jonge makes the debatable judgment that Rasputin never did anything to warrant assassination; at least to us mortals. Some day, someone will analyse how unpredictable and how vastly different from the aspirations of their plan-

Peacemaker Rasputin

BY JAMES FRENCH

Two stimulating strands of thought are argued by Mr de Jonge. Rasputin fought for and argued hard for peace (at the expense of being suspected pro-German in World War I) and to save lives in battle.

With North-South vulnerable, South dealt and bid one diamond, West overcalled with one spade, and North doubled. This was a negative double, showing strength in the other major suit and some 8-10 points.

You are West and cash the Ace of spades, on which your partner plays the five—how should you continue? Declarer is marked with a singleton spade, and his shape is probably 4-4-5-3. He has, therefore, ten top tricks, and a spade ruff in hand will give him eleven.

West leads the heart ten, you play dummy's Knave, but East covers with the Queen, and you let him hold the trick, but you take the return of the five with your Ace.

Both sides are vulnerable when South deals and opens the bidding with two no trumps, North raises to three no trumps, and all pass.

BRIDGE

MY TWO example hands today come from Hugh Kelsey's latest book, The Needle Match (Faber £7.50), which follows the pattern of two previous books in presenting you with the hands of a teams-of-four match.

White: Murray Chandler (England/NZ) Black: Amador Rodriguez (Cuba)

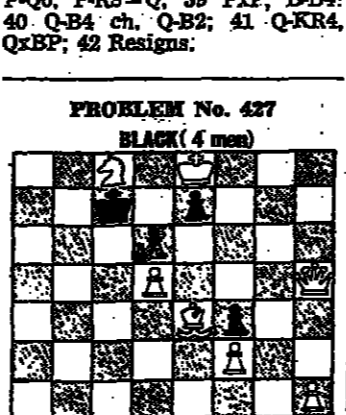
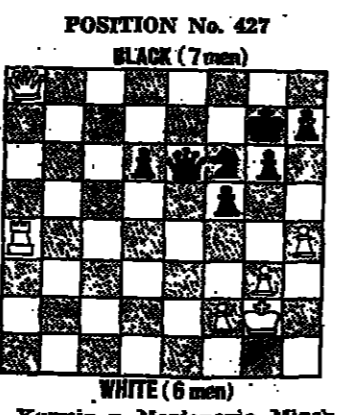
Some successes for Britain

CHESS

A MEASURE of Britain's enhanced status in international chess is that even first prizes in major tournaments can pass without special comment.

White: Vladimir Liberzon (Israel) Black: Michael Stean (England)

White mates in three moves, against any defence (by N. König, Main-Post 1953).



White mates in three moves, against any defence (by N. König, Main-Post 1953). Solutions: Page 12



Stravinsky in Venice in 1934. This photograph by Vera Stravinsky comes from "Igor and Vera Stravinsky: A Photographic Album 1921-1974" (Times & Hudson £10.00), published to mark the centenary of the composer's birth yesterday

Lorenzo again

BY PETER KEATING

The Letters of D. H. Lawrence: Volume 2, 1913-1916

"Don't get such a damned low opinion of me," D. H. Lawrence wrote to a friend in 1913: "I don't care about form, in a letter. I just like people to give me a real bust of themselves."

West leads the heart ten, you play dummy's Knave, but East covers with the Queen, and you let him hold the trick, but you take the return of the five with your Ace.

White: Murray Chandler (England/NZ) Black: Amador Rodriguez (Cuba)

White: Vladimir Liberzon (Israel) Black: Michael Stean (England)

because everything is so strange and I feel as if I'd just come out of the shell and hadn't got any feathers to protect me from the weather.

This latest volume of Lawrence's letters, the second in the superb collected edition from Cambridge University Press, opens in 1913, with Lawrence and Frieda living together in Germany, planning to return to England.

White: Murray Chandler (England/NZ) Black: Amador Rodriguez (Cuba)

White: Vladimir Liberzon (Israel) Black: Michael Stean (England)

One flesh?

BY RACHEL BILLINGTON

Life After Marriage: Scenes from Divorce

In England now, one in three marriages end in divorce. Statistics like these are easy to come by; shocking to some, meaningless to some; to others positively good news.

Unsurprisingly, it is these stories of the passion, the misery, and even worse, the sheer lassitude of failing marriages, which dominate the book. When history comes, as it does with a solid chapter on page 104, all the bright ideas in the world cannot compete with that old magic called "human interest."

The first study of breakdown is of A. Alvarez's own early marriage; fictionalised, he claims only by failing memory and the passing of time. He was a "literary" but otherwise naive 27-year-old; she was Frieda Lawrence's 20-year-old

granddaughter. A young poet, he was, it appears, at least as much in love with the image of sexual freedom, which the Lawrence myth represented as with the reality of Lawrence's step-granddaughter. He uses his own sad experience as touch-stone for the sexual mores of the Fifties; covering on his way there a (rather) disproportionate amount of Lawrence analysis. From the Fifties it is a fairly neat journey to "People and Politics" where another literary descendant, this time the granddaughter of a character in an Edith Wharton story, is used to illustrate the changing position of divorce in America.

Fiction

Flowering aunts

BY ISABEL QUIGLY

Boychester's Bugle

December Flower

Bed Bugs

Little, Big

Flowering aunts. One opens her "slim, sinister briefcase to extract a disembowelling knife." Instead he finds the Financial Times and extracts "the best of them are now working through his most precious delusion: Leo the Hebrew philosopher king, subtle, sensual, fatherly, wise. They call it the Solomon syndrome and both of them are writing essays about it."

Boychester's Bugle. Alan Franks Heinemann. £6.95, 186 pages. December Flower. Judy Allen. Duckworth. £7.95, 176 pages. Bed Bugs. Olive Sinclair. Allison and Busby. £5.95, 109 pages. Little, Big. John Crowley. Gollancz. £8.95. (paperback, £5.95), 538 pages.

As unloved babies are said to droop, never to develop vehemence and curiosity and the other energy-consuming attributes of the living, so the neglected old-career-for-in-loveliness may slide into premature nothingness. This has happened to Aunt M under the rule of a supposedly "marvellous" housekeeper. Fed on milk puddings, never directly addressed, she lies in bed, physically weak and mentally pummeled into speechlessness. Etta sees a flicker of life there, fans it, flings the tapoca at the wall and takes over. In no time Aunt M is a real person once more, not an undemanding vegetable.

Boychester's Bugle. Alan Franks's Boychester, four stone overweight, editor of a north London newspaper called the Bugle, about to be overtaken by the new technology of newspaper production. His rich enormous wife thinks him brilliant; the downtrodden hacks on the paper think him, quite rightly, horrible.

Little, Big. By contrast a rest cure; a feather bed of a book in which, for the first time at least, it is all too easy to relax. Enormously long, slow moving, in detail, taxying this specific, even hypnotic (Uruba Le Guin), work of art says it calls for "a realistic of fantasy." She may be right. On the face of it it is the story of a house, a place, a family, across several generations in the eastern U.S. Intertwined with this is another reality, another action, but the surface action moves so slowly, that it is hard to see the subterranean movements. It has a maddening, smart quality that makes crossing many of its pages seem like a summer evening's walk in beautiful country.

Battling to the stars

BY BRIAN AGER

The Spitfire Story

When the Royal Air Force is not engaged in war, fighting does not stop. Like all the armed services it spends its peacetime battling with politicians and public opinion to ensure that it is ready for the next round.

Per Ardua ad Astra. Published to mark the seventh anniversary of the founding of the Royal Flying Corps, the forerunner of the RAF. The book summarises the continual battle being waged by the RAF. Much of it is taken up by illustrations; ranging from the days of man-lifting kites to the Hawker.

standards of living... and ends with words which could have been prophetic of the Falklands except that the colleague Michael Doonee the almost certainly looking eastwards rather than south: "Although geared for war—and nuclear war at that—the RAF, like everyone else in the country, and that the deterrent strength of Britain, vested in its armed forces, does successfully deter the potential enemy from making any pre-emptive strike. But should that day dawn, the words of the Damocles hero, Wing Commander Guy Gibson: "If people forget, they bring it on themselves. After many years, they will ask for disarmament, so they can raise their heads from giving of their best in the South Atlantic. But it is said that many men from all the services are once again trying to compensate for the mistakes of politicians. Recent experience cannot lead us to believe, as did the survivors of the 1914-18 War, in a 'war to end all wars.'"

HOW TO SPEND IT

by Lucia van der Post

Browning versions

THE acquiring of the ritual tan seems to be a mandatory part of most people's summer party of the ancient rites to which most of us subscribe. Turn up at our annual summer tribal gatherings looking (to borrow the vivid words of one observer of the American scene) "white, plump and oven-ready" and all but the most socially confident feel ill at ease.

Hand in hand with the modern passion for a suntan, however, has come scientific knowledge which tells us increasingly that endless sizzling in the sun can do untold damage. At its worst it can cause skin cancer but probably more worrying for most of us is the fact that it undoubtedly ages the skin cells. You may look golden at 25 but you'll probably be paying for it at 40.

However, this doesn't mean that you have to stay slug-white all summer long. If you look around you will see that many people clearly past the first blush of youth seem to be sporting a "just-back-from-the-south-of-france" glow. Some have done it the hard way—using careful sun screens and exposing themselves gradually to a little more sun each day—but others are taking increasingly to the artificial ways of browning.

The easiest, quickest and cheapest way to take a tan is to apply one of the many fake tan creams on the market. They all contain a chemical known as DHA which aficionados will know has a rather distinct, slightly pungent smell which can be a disadvantage—I tried it out the day I was going to a rather grand dinner and rather regretted my lack of forward planning.

You can use fake tanning creams yourself at home but it isn't always easy to get a very realistic effect. Great care needs to be taken, particularly with areas like heels, elbows and knees, under-arms and the like, but it can be done. Much simpler and really very cheap is to go to one of the professionals who will apply it with great care, making sure that the skin is well-moisturised at the same time.

I tried Violet Adair at Galatee's, 1C Palace Gate, London W8. Her salon is below the Galatee's hairdressing salon and is very comfortable with facilities for all sorts of other treatments and the UVAsun tanning method as well.

It cost £8.05, took half-an-hour and apart from the slight odour, which you can whiff off after about eight hours, it seemed to have no disadvantages.

By the morning I was brown, could have worn any low-cut evening dress (apparently many women come to have this treatment with summer evening dresses in mind) and only a slight yellow around the heels made it seem any different from the real thing. However, Violet Adair points out that the creaming method is ideal for quick, short-lived results—it doesn't really last much longer than a week. If you're going straight off on a



summer holiday it does give you some protection against the rays of the sun itself. You can then go out into the sun with a cream with a middling sun protection factor and know that you will brown safely.

The other way of acquiring a tan without going in the sun is by using one of the many salons offering UVA sunbeds. These work on the principle that they screen out the harmful burning rays but produce long-wave non-burning rays which, after several uses, will trigger off the skin's melanin producing cells (which make the tan).

Incidentally, if you want to look up salons in your own area offering these sun-beds it is as well to know that there is now an Association of Sun Tanning Operators which has been organised by

some practitioners to try and enforce a strict code of practice to make sure clients are safe from accidents.

Besides keeping members informed of up-to-date medical research and all the latest developments the Association will also train members in the correct use of the equipment, so it is probably worth checking whether or not an operator is a member.

Another member of this office, Feona McEwan, tried out the UVA sunbed at Brownies, 32 Fouberts Place, London W1. She is Scottish, has skin that she says never tans at all, and was thrilled at the chance of seeing whether or not Brownies could do anything for her.

Brownies uses stripped tubes radiating UVA rays and said that because she had the fairest skin type of all she would need six sessions (first one 30 mins and later ones 45 mins) in order to begin to look as if she'd been in the sun. She found that she had to "lie like a slab of beef, top-side and backside to the tubes of UVA rays, turning over from time to time to avoid stress points." She found the device a trifle claustrophobic at first (a transparent roof, unique to Brownies, is lowered over the body) but after three sessions she had mild bikini marks and was told by her friends that she was "looking well."

After the fourth session she threw away her foundation bottle and she now fully intends to go once or twice a week until her American summer holiday. By then her skin will be broken in and she will be able to go on tanning in the sun itself providing she uses a lower sun protection factor cream than would ever have been possible before. She experienced no burning sensations at all and feels it is the answer to the hitherto insoluble problem of how to look halfway healthy on a beach.

At £8.90 a session, it isn't cheap but it is the nearest thing to a real, lasting tan. Our third guinea pig, Lucinda Wetherall, tried the UVA sunbed at Images of 19 Paddington Street, London W1. Though blonde, Lucinda's skin is much less sensitive than Feona's and she found that after three sessions on the sunbed she had a distinct tan, without going through what she describes as her normal "beetroot phase." The sunbeds at Images work on a high pressure mercury vapour system (others are usually low pressure which means the tanning takes longer) and are exceedingly expensive to buy which is why the sessions at Images cost £12.50 per half hour.

Many of Images' clients come for a course of about four sessions at the beginning of the summer and then come fortnightly for top-ups. Lucinda found it a lovely way of going brown because it was gentle, gradual and now leaves her with a skin already partially protected against the harmful rays of the sun itself.

SUMMER in England is like no other summer. It is swamps and the lay-bys filling up with picnickers. It is tar on the bathing costume and hasty dashes from beach to car. It is limp lettuce leaves and flaccid sandwiches, it is anxious scannings of the sky and Crampden dresses and white cardigans.

But sometimes, just sometimes, summer in England is also days with friends in rose-filled gardens, it is the music at Glynedebourne and sunny days to poppy fields, it is the sound of tennis balls at Wimbledon and the splash of oars at Henley. Above all it is the touching optimism that, this year, oh yes, this year it will all be different.

Some years, indeed, it was all different. Nobody can forget the summer of '76—the year the pubs ran dry, when the trees on the commons died from drought, when sales of swimming pools and lagers, of ice-creams and sunbats went through the roof. It was also the year we first began to take to the barbecue. We began to see that there was more to eating out of doors than the occasional Pimm's and strawberries and cream, that barbecuing might become a more regular part of our summer way of life.

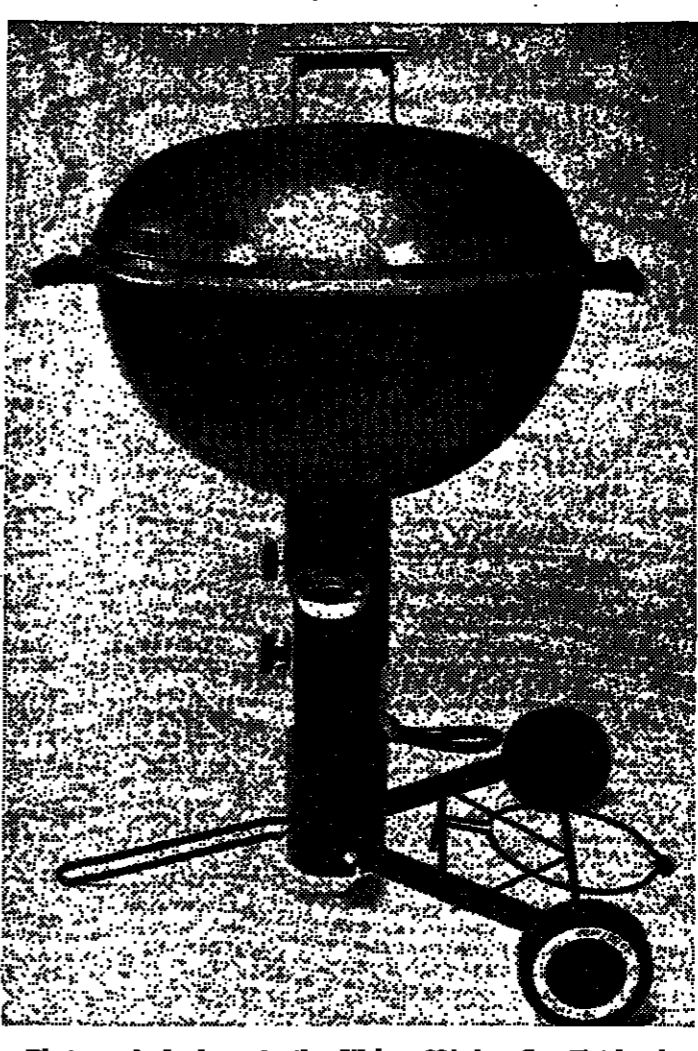
The great joy of barbecuing, it seems to me, is that it lends an air of pleasure and spontaneity, a feeling of once festive and informal, to the simplest of meals. It releases the cook from the incarceration the job usually requires and makes the serving of summer food a relatively trouble-free process. To the fish or meat on the barbecue need be added only some crisp salads, potatoes baked in foil and fresh fruit to follow through ambitious cooks can always try more complicated recipes.

Interest in barbecuing is increasing yearly, but it is still what the trade calls "a fairly young market." When BBC Radio 4 ran a "phone-in" programme on the subject of barbecues in its Tuesday Call slot this week it was inundated with questions. Most of the questions were of the fairly basic sort like "How to light the barbecue," "How to prevent the fat dripping on to the embers" and "How do I cater for 100 people?"

For those who are complete beginners but want to take the plunge, probably the best bet is to buy one of the basic books of instruction that are on the market. It is always worth noting that almost all good makes of barbecue are sold with very useful, informative leaflets which are well worth taking the trouble to study.

Homework

One of the best books I know on the subject, Heinz and Geneste Kurt's (Barbecues and the Joy of Cooking on an Open Fire) is out of print but if you can find a copy in your local library, do consult it. It assumes you know nothing and takes you from basics like fuel and improvising a barbecue through to delicious suggestions on what to cook. James Marks of the Barbecue Association, one of Tuesday Call's invited experts, has also



Photographed above is the Weber 22 1/2 ins Gas Kettle—in black it is £230, in red or chocolate, £240. The great advantage (though you get all the pleasures of outdoor cooking but have none of the hassle—no bother with lighting, fuel, or cleaning. The gas kettles are self-cleaning—you simply turn the heat up and they clean themselves. There is a charcoal Weber kettle, also 22 1/2 ins at £124.20 in black, or £135.70 in red, chocolate, blue, or green. These are big enough to take a large 20 lb turkey, several chickens or a large rib of beef as well as ancillary things like sausages and/or potatoes

with a small one, like say a Hibachi, just to get the hang of it and then buy a much larger one later on.

If you only want to do smallest things like sausages, chicken pieces and chops then David Fortune says that something like the Party Chef is very good value for money. If you want to be able to roast either whole chickens or a joint of beef or lamb you will need either a rotisserie or a large sized kettle.

Kettle barbecues are useful because they are very flexible and can be used to cook a wide variety of foods. The cover keeps the oxygen level down so that flare-ups are less likely to occur, they also use less charcoal and they offer the simplest way of cooking large roasts. You can bake, do kebabs, if you use a grill you can fry, you can cook casseroles and indeed consider it virtually as a complete outside cooker.

Lighting up

When it comes to lighting the barbecues (Tuesday Call's most common question was about lighting) David Fortune recommends that you cover the area you want to use with charcoal briquettes—this will be the number of briquettes you need. You should then stack them up like a pyramid, add fire lighter and light.

The charcoal should be left for at least 20 minutes and it is ready when it is covered with a light layer of grey ash. Never cook while the fire lighters are still alight or a nasty taste of paraffin will permeate the food. When it comes to cleaning, David Fortune says that there is little problem to this, particularly if you take some care with them.

Firstly, don't leave them out in the rain. The cheaper models will rust and then all you can do is rub them down with oil. When cooking, line the bottom with aluminium foil before putting in the charcoal and this will help keep it clean. Once a year he recommends giving a good clean with an oven-cleaner, otherwise just wipe down in between uses.

The Emporium has a small leaflet which it is happy to send to readers in return for a stamped addressed envelope. Write to 141, George Street, Edgware Road, London, W1. The leaflet lists a wide variety of barbecues from simple Hibachis to elaborate kettles and has some useful general hints.

produced an eminently informative book on the subject—called simply Barbecues, it is £1.35 and is published by Penguin. James Marks is one of those dedicated enthusiasts for the barbecuing way of life who is so keen to spread the gospel that he will answer and deal with any reader's questions on the subject. Besides giving free advice he also runs Weber Barbecue, one of the best-known names in the barbecue kettle world. The Barbecue Association is at 60 Claremont Road, Surbiton, Surrey (Tel 01-390 2022).

For Londoners, there is now a barbecue specialist shop called The Emporium at 141 George Street, London, W1. The barbecuing side is run by another barbecue enthusiast—David Fortune, and besides selling every kind of device from the simplest Hibachi (still, in my view, one of the best for those who want a small, portable outdoor cooker) to a kettle capable of roasting a joint for up to 40 people, he also sells every conceivable accessory. There are cookbooks and woods to burn, charcoal and herbs, party lights and fire lighters, barbecue tools and

rotisseries. Above all, what you will find there is enthusiasm—you can feel free to ask any question, no matter how basic, and be sure that it will be sympathetically answered. These barbecue enthusiasts are gluttons for punishment. Before deciding on what kind of barbecue you would like to buy, the most important point to sort out is how often you are likely to use it, followed by what sort of cooking you intend to do on it. If you think you are really going to take to barbecuing you could start

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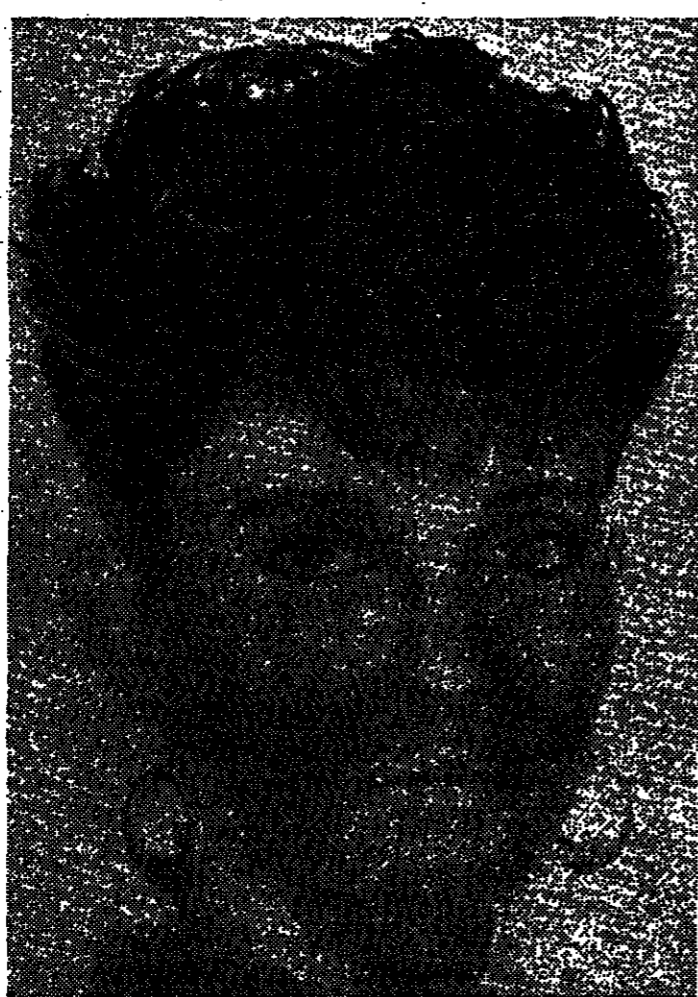
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Holiday hot tips

GETTING one's hair to stand on end hasn't always been something to strive for, but today's hot favourite hair styles have driven many women to do just that. Anyone who has attempted to tug and tease unruly locks into those ruffled peaks of post-punk will know that they don't oblige unaided.

For many the magic ingredient for the do-it-yourself look lies in the various mousses now on the market which when rubbed through dry hair and pulled into position gives that desired effect of uplift and sidethrust to the lushest locks.

We mentioned Michaeljohn's mousse (£4.75 plus 50p p+p) from Michaeljohn, 23a Albemarle Street, London W1, and at Harrods of Knightsbridge SW1 here recently. Much cheaper is Boots' Country Born Setting Gel available from its larger branches for 75p which it suggests you apply to your hair then blow dry in position upwards and outwards. When experimenting, the crucial thing is not to be too timid—after all you can always wash it out.



Boots' Country Gel—enough to make your hair stand on end

square three-pin plugs as well as round two-pin ones and earthed appliances as well. This means you can use it for shavers, toothbrushes, curling tongs, hair dryers, travelling irons, radios and all the rest of the gadgets that we now cart around with us. £4.45 from all Woolworth branches.

During August (if you can wait that long) Woolworth will be selling the Krups Turbo 2-speed 240 volts hairdryer for just £5.99 (usual price £8.99). Also from Woolworth is a

drinks dispenser—a pressure-powered model called the Air Pot which holds 1.9 litres of liquid which it keeps either hot or cold all day. You dispense the liquid by pressing the plunger down. Ideal for car or train journeys, picnics or any other outdoor event. £4.99.

How many transparencies do you have lurking in drawers

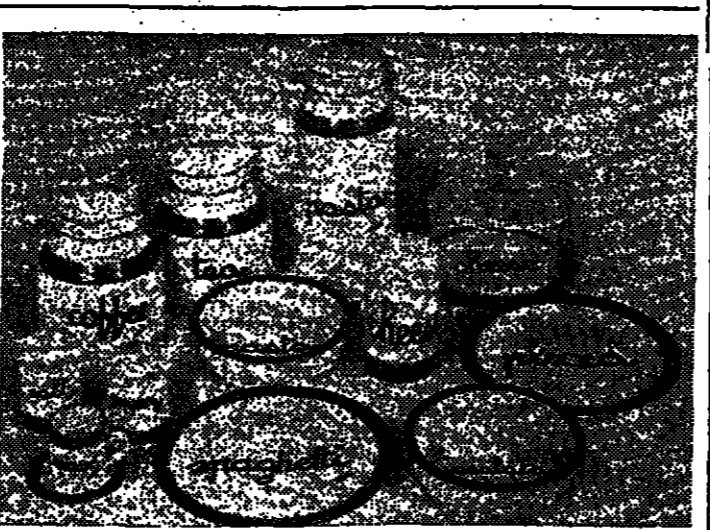
that you never look at properly? If you're anything like most of us, you probably have lots. Many of us never take out our transparencies and look at them properly simply because it is all much too difficult. Slide and See is a neat, new little product that should help change all that. It is a clearly designed, simple translucent tray that holds 12 slides firmly in place—in this way they can be stored easily. When you want to look at the slides there is a small viewer, or magnifying unit, which clips on to the tray and moves up and down and across so that all the slides can be properly mulled over. It magnifies five times.

Decided and developed by Robin Clover, it is made in Britain. You can buy the complete box—viewer frame, lens, lame holder and one slide tray for £5.95. A ring binder to hold the trays costs £2.95 and a pack of three trays is £1.45. Find it in all photographic departments including Boots.



WE'VE HAD the highly scented, brightly coloured, elaborately named products with which to wash, shave and deodorise our skins... but as we learn more about skin care the mood is increasingly among consumers is back to things pure and simple. Which explains, perhaps, why Simple Soap—a relatively diminutive company among the soap giants—is grabbing an increased slice of this competitive market.

It's phenomenal," says Simple of its booming sales. "And when you consider how understated all the products are—no colour, no smell, functional packaging, minimal advertising—it would seem to be so. Yet those who try the soap (bath size 42p, hand size 25p), the talc 70p; the post-transparent roll-on 96p and the Shave Foam 95p keep on coming back for more.



always a collection of second quality or "reject" tableware and though the flaw is usually only very small, it does mean the prices are usually lower, too. In the picture above is a collection of very Italian looking kitchenware, which is imported exclusively by ICTC, a very British firm. In white, bordered with green

and red, prices range from £3.45 for the salt and pepper shakers. The pizza plate is £4.50, the Insalata bowl, £4.15 and the spaghetti plate, £4.60, available mid-July. These are not seconds but are perfectly good top quality. However, the shop aims to make prices of even top quality goods as competitive as possible.

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ARTS

Disappointing Tonys of a dull Broadway

BY FRANK LIPSUS

The Tony award show, entrusted since time immemorial to Alexander H. Cohen and his wife Hildy Parks, lacks the courage to lure its audience to the theatre. It is just a variety show with periodic suspense, an update of This Is Your Life. But as that show might leave skeletons locked in its guests' closets, this one keeps buried from the American television public the near-secret that the American theatre still, in its humble way, does promote drama.

of white prerogatives, forces him to accept the barriers that separate them. The effective and telling climax is a bit long in coming, for their conversation alights on every event, or so it seems, in the boy's past while Sam and the more simple Sam, played by Danny Glover, occupy Harold's absence with preparations for the annual ballroom-dancing competition. The awards for musicals were fairly evenly divided between Dreamgirls, the season favourite in a weak year for musicals, and Nine, which opened on the last day of Tony eligibility in May. Three of Dreamgirls' six Tonys were for performances, including the Cleopatra Dericks as a one-stop rock 'n' roller in the world of James Brown and Jennifer Holliday as a trouble-some member of the Dreamgirls singing group. But Dreamgirls' creator, Michael Bennett, who did share the Tony for best choreography, was bested by Tommy Tune, who won best director for Nine and made Nine the top musical of the year. Nine's other three awards were for William Jay Long's costumes, Maury Ivey-Ton's score and Liliane Montevicchi's featured performance.

Social spectrum

BY B. A. YOUNG



Director of 'Nine' Tommy Tune surrounded by members of the cast

Entertaining Unwares, by Robert Forrest, comes down from Radio Scotland laden with components, to play on Radio 3 at a peak hour last Sunday. "Subtlety, wit and a natural dramatic grace," said the Glasgow Herald. I wonder if anyone still remembers Jerome K. Jerome's The Passing of the Third Floor Back, the hit of 1903. In this, the tenant of a bed-sit in such a benevolent influence on all his neighbours that he is attributed with a heavenly origin. Now here it is again. Was do we say? Why, an angel. But where Mr Forrest shows his subtlety, it's that what it is, is in the form that the angel takes. John, for that is his name, is an apparently unexceptional young man who first attracts the attention of Kate, the narrator of the story, when he interrupts the proceedings of an Assembly conference in Edinburgh and has to run for cover. He and his friend Alan are collected by Kate, a freelance journalist, in her car and driven to her country cottage. What happens there is left deliberately vague. Alan seduces Kate, as he has done before; but John does nothing but project his personality into Kate's bedroom one night, and even then his projection does no more than radiate its presence. It is more embarrassing when real life comes into the picture. Alan, who is either can't or won't tell anything about himself, though older, he provokes Kate into asking him about his background. What she learns is curious—born in Nazareth, the son of a carpenter, etc. Then John confides his message, "What I say to you, I say to everyone—stay awake!" I do not know, he adds, when the moment will come. Stray advice: indeed, Alan go to Kate's friend's car at a distant petrol-station. I couldn't make head or tail of it. But it was nicely played by David Hayman (John), Sandra Clark (Kate) and Bill Paterson (Alan), and directed by Patrick Bayner.

Judith Pearce

BY DAVID MURRAY

There is plenty of music for solo flute, with and without piano (or harpichord), but for an ambitious recitalist the pickings are rather slim after the 18th century. A small handful of good sonatas, some short and some long, are available (like Berio's flute Sequenza); the upshot is that flute programmes tend to be bitty or over-familiar, or both. On Thursday in the Wigmore Hall, Judith Pearce did much better than that, with three substantial sonatas—only Prokofiev's D major one well-known, and reservedly so—along with a rewarding premiere.

Kubelik

BY ANDREW CLEMENTS

As too rarely nowadays does Rafael Kubelik leave his own Bavarian Symphony Orchestra to make guest appearances in London. On Thursday he conducted the London Symphony Orchestra in the Festival Hall, outside of the memorable occasion that served to underline his absence: a programme of surprising juxtaposition—Buckner's ninth symphony preceded by Vaughan Williams' Fantasia on a Theme of Thomas Tallis. Both are works intended to be performed in large spaces, and for acoustics far more generous in their reverberation than the Festival Hall. I doubt if Buckner's symphony often get the resonance their echoing silences demand, but the Tallis Fantasia still seems as close to cathedral for which it was written as any English church music that it enshines. Kubelik's performances were thus inevitably not the atmospheric, specially "English," sound that Vaughan Williams' admirers would regard as ideal; indeed it also lacked the peculiar rhapsodic ecstasy from which the work (and many of its progeny, right through to Tippett) derives its emotional weight.

F.T. CROSSWORD PUZZLE No. 4895

A prize of £10 will be given to each of the senders of the first three correct solutions. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10, Cannon Street, London EC4P 3BY. Winners and solution will be given next Saturday.

Name: Address:

Crossword puzzle grid with numbers 1-31 indicating starting positions for words.

- ACROSS 1 Ruffled blouse at end of party. (6) 4 Wrong mono-side played in pub? (8) 9 High beam used in vault (6) 10 This priceless vase left the country (8) 12 Sport gains from West having spell at wicket (8) 13 Quarters of a ticket (6) 14 Blades love classical art (4) 15 Does it undertake roadwork with very little coaching? (7) 17 Hundred and three's excitement in historic city (7) 18 Internal feature of a Perpendicular church (8) 19 Summary to take up again, losing accent (6) 20 Speed inside relieves stresses (8) 21 Spelling-book (unpleasant French river left out) (8) 22 Rating some Chelsea managers (8) 23 ... opening of Chelsea flower-show, lots of pots here! (8) 24 Minimal earnings-unit for oil-producer? (6) DOWN 1 Salary Grade 1 for this stopper? (8) 2 Footmen serving? (8) 3 Formally set his essay for the diploma (6) 4 The shorter Oxford, neat and advanced (4) 5 Could be ruing it, that illicit love-affair (8).

BBC 1

- Indicates programme in black and white 6.25-8.30 am Open University (Ultra High Frequency only). 9.05 Sorry Mate, I Didn't See You. 9.30 Get Set for Summer. 10.40 Tropic of the Colour. 11.15 pm Cricket: First Test—England v India; 1.00 Grandstand: World Cup Football Focus (1.10); Racing Preview (1.25); Cricket: First Test (1.40, 2.25, 3.20, 3.40); Racing (2.05, 2.40, 3.10); Tennis (2.50, 3.40) Stella Arctis Championships: Show Jumping from Dublin (3.40). 5.05 The Dukes of Hazzard. 5.55 News. 6.10 Regional programmes. 6.15 Pop Quiz. 6.45 The Saturday Film: 12.30 Cricket: Starting Adam West, Burr Ward. 8.20 The Val Doonican Music Show. 9.15 News. 9.25 Boxing: The Heavyweight Championship of the World. 10.20 Darts. 11.20 Night Music. 11.55 Phil Silvers. Regional Variations. Cymru/Wales—6.10-6.15 pm Sports News Wales. Scotland—6.10-6.15 pm Sport/Regional News. 12.20 am Scottish News Summary. Northern Ireland—6.20-6.25 pm Athletics: The Yugoslav Games from Austin Forum. 6.10-6.15 Northern Ireland News and Sport. 12.20 am Northern Ireland News Headlines. England—6.10-6.15 pm South West (Plymouth): Spotlight Sport—Regional results and reports. All other English regions: Sport/Regional News.

BBC 2

- 6.25 am Open University. 7.10 pm Saturday Cinema: "100 Men and a Girl". 4.30 Cricket and Showjumping: Cricket First Test; Show Jumping from Dublin. 6.45 The Sky at Night. 7.10 News and Sport. 7.30 Trooping the Colour. 8.45 The Levin Interviews: Dr Jonas Salk. 9.15 "L'Amant de Poche" (English subtitles). 10.45 Tennis. 11.20 News. 11.25 Cricket First Test. 11.55-12.30 am Starring Rod Steiger: "The Unholy Wife".

LONDON

- 8.30 am Sesame Street. 9.30 Saturday Action. 11.15 Space 1999. 12.15 pm World of Sport. 12.30 Basketball: Los Angeles Lakers v Philadelphia 76ers. 13.45 Table Tennis. 1.00 World Cup Report. 1.15 News. 1.20 Racing from York and Sandown. 3.10 Golf—The Dunlop Masters from St. Peter's, County Wick. 3.50 News. 4.00 Golf. 4.55 Results. 5.05 News. 5.15 Worzel Gummidge. 5.45 Success. 6.15 The Incredible Hulk. 7.15 The Cannon and Ball Show. 8.00 Unstair, Downstairs. 9.00 News. 9.30 "Invasion of the Body Snatchers," starring Donald Sutherland, Brooke Adams, Leonard Nimoy and Don Siegel. 11.30 London News Headlines followed by Kit Creole and the Coconuts. 12.30 Sit Up and Listen. All IBA regions as London except at the following times:— ANGLA 9.00 am Sesame Street. 10.00 Sport. 11.25 Thunderbirds. 11.20 Tarzan. 5.45 pm Chips. 6.45 Success. BORDER 9.40 am Sesame Street. 10.05 Tarzan. 10.55 The Adventures of Black Beauty. 6.45 pm Chips. 6.45 Success. CENTRAL 8.15 am Come Close. 9.30 Sesame Street. 10.30 Saturday Morning Cinema: "Doctor At Sea" starring Sir Bernard Belsey. 5.45 pm Chips. 6.45 Success. CHANNEL 5.15 pm Puffin's Picnic. 5.17 WKRP in Cincinnati. 5.45 Sale Of The Century. 6.15 Mr Merlin. 6.45 Success. GRAMPIAN 9.35 am Spiderman. 10.00 Tarzan. 10.50 Welcome Back Kotter. 5.45 pm Chips. 6.45 Success. 12.30 am Reflections. GRANADA 9.25 pm The Puffin. 9.50 The Undersea Adventures Of Captain Nemo. 9.55 Sport Billy. 10.15 Sesame Street. 5.45 pm Chips. 6.45 Success. 12.30 am Nagas. HTV 9.55 am The Adventures Of Black Beauty. 10.20 Sesame Street. 11.20 Space 1999. 12.15 pm HTV News. 5.45 Sale Of The Century. 6.15 News. 6.45 Success. HTV Cymru/Wales—As HTV West except 9.55-10.20 am Rozzmarin. 5.15-5.45 pm Sion's News. SCOTTISH 9.30 am Thunderbirds. 10.20 The Beachcombers. 10.45 Different Strokes. 5.45 pm Chips. 6.45 Success. 12.30 am Late Call. TSW 9.05 am Film Fun. 9.30 The Saturday Show. 10.20 pm Sport Billy. 11.45 The Adventures Of Black Beauty. 5.45 pm WKRP in Cincinnati. 6.15 Mr Merlin. 6.45 Success. 12.30 am Postscript.

TVS

- 9.00 am Saturday Night. 9.05 Sesame Street. 10.05 Sport Billy. 10.30 No 73. 11.45 Benson. 5.15 pm TVS News. 5.50 The Incredible Hulk. 6.45 Success. 12.30 am Company. 5.00 am Saturday. 5.32 Good Fishes. 6.00 News. 6.04 London Today. 6.30 Travel Round-up. 6.30 The Boat Show. 9.00 News. 9.05 pm News. 9.30 Opening. 10.02 All That Jazz. 11.30 The Robbly. 12.15 North East News. 5.15 North East News. 5.30 World Cup. 6.20 Preview. 6.45 Success. 12.30 am Thrax's Company.

ULSTER

- 10.00 am Sesame Street. 11.00 The Flying Kivi. 11.25 Thunderbirds. 5.15 Ulster News. 5.45 Chips. 6.45 Success. 11.30 Sports Results. 11.35 Barney Miller.

YORKSHIRE

- 9.00 am Home's Bonanza. 9.30 The Adventures of Black Beauty. 10.35 The Saturday Morning Picture Show: "Raising David Rothchild". 5.45 The Incredible Hulk. 6.45 Success. 12.30 am That's Hollywood.

RADIO 1

- 1.30 Stereo broadcast (when broadcast on VHF) 5.00 am as Radio 2. 7.00 Wake Up to the Weekend. 8.00 Tony Blackburn's Saturday Show. 10.00 Paul Burnett. 10.30 am Adam. 10.35. 2.05 Paul Gambaccini (S). 4.00 World News (S). 5.00 Rock On (S). 6.30 in Concert (S). 8.00 am Tony Brandon (S). 8.05 David Jacobs (S). 10.00 Clive Laine (S). 11.02 Sports Desk. 11.03 Kenny Celebrates (S). 1.00 pm The Impressionists. 1.40 Sports. 2.00 First Test—England v India. Tennis: Stella Arctis. The Dunlop Masters: Racing from York at 2.30 and 3.10. 6.30 Country. 7.00 Jazz Score. 7.27 Sports Desk. 7.30 BBC International. 7.45 News. 8.00 News. 8.10 News. 8.20 News. 8.30 News. 8.40 News. 8.50 News. 9.00 News. 9.10 News. 9.20 News. 9.30 News. 9.40 News. 9.50 News. 10.00 News. 10.10 News. 10.20 News. 10.30 News. 10.40 News. 10.50 News. 11.00 News. 11.10 News. 11.20 News. 11.30 News. 11.40 News. 11.50 News. 12.00 News. 12.10 News. 12.20 News. 12.30 News. 12.40 News. 12.50 News. 1.00 News. 1.10 News. 1.20 News. 1.30 News. 1.40 News. 1.50 News. 2.00 News. 2.10 News. 2.20 News. 2.30 News. 2.40 News. 2.50 News. 3.00 News. 3.10 News. 3.20 News. 3.30 News. 3.40 News. 3.50 News. 4.00 News. 4.10 News. 4.20 News. 4.30 News. 4.40 News. 4.50 News. 5.00 News. 5.10 News. 5.20 News. 5.30 News. 5.40 News. 5.50 News. 6.00 News. 6.10 News. 6.20 News. 6.30 News. 6.40 News. 6.50 News. 7.00 News. 7.10 News. 7.20 News. 7.30 News. 7.40 News. 7.50 News. 8.00 News. 8.10 News. 8.20 News. 8.30 News. 8.40 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COLLECTING

Incomparable Bow

BY JUNE FIELD

The first village we come to is Bow... where a large quantity of Porcelain has already made...

Thomas Frye (1710-1762), Irish artist and mezzotint engraver, Edward Heylin (1695-1756), originally a clothier of Bristol...

after the porcelain and pottery department at Christie's, has contributed introductory notes to each section...

The handsome book is beautifully illustrated, a tour de force of chronologically listed items. Mr Gabzewicz, who looks

neglected plant, with carmine Geranium arvense, one of the hardy geraniums I was writing about recently...

interesting associations. In one place it grows with Veratrum album, a rather uncommon plant with broad pleated leaves...

Good companions in colour

GARDENING

ARTHUR HELLIER

NO SMALL PART of the pleasure in visiting other people's gardens is spotting good associations of plants which can be copied at home...

Yet not all flowers are short-lived. The osteospermums or daisy-like flowers from South Africa can bloom non-stop from May to October...

Many plant associations that linger in my memory include hostias as one of their ingredients, especially those hostias that display their flowers in shades of blue...



Mongolian Heads in "Bow Porcelain circa 1747-75" exhibition at Albert Amor, 37 Bury Street, London SW1, until June 24.

Street, SW1, until 18 June, Monday to Friday 10.30-4.30. Robert Williams has a fascinating exhibition One Hundred Animals and Birds in 18th Century Porcelain...

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Trevor Bailey assesses form for the World Cup England's improved chance

THE WORLD Cup starts in Barcelona tomorrow when the holders are expected to meet Belgium in Group Three...

Although England were often disappointing in the qualifying stages, it was only nine months ago that Ron Greenwood's team lost 2-1 to part-timers, Norway...



England's new coach Don Howe

On this occasion, they are unlikely to find themselves in the powerful Group Six which also contains the strongly fancied Brazil and Russia...

The natural affinity with the South American nations combined with the Gibraltar situation, and events in the Falkland Islands, means that the British teams are likely to receive an unfriendly, possibly hostile reception in Spain...

dogs have grown to expect the support of most neutrals. The attraction of the kills and headwear sported by so many fans combined with the style of their team, has also meant that Scotland is usually well received...

John Barrett on the question of soft and hard courts Winners for all surfaces

THE NEWS that five of the world's top men will not be at Wimbledon underlines the disturbing fact that the men's game seems to be fragmenting as too many tournaments chase too few star players...



Ivan Lendl

This tendency has always been most marked at Wimbledon and Flushing Meadows because there are fewer tournaments on grass and asphalt...

15 of his last 19 tournaments, he has a poor Wimbledon record. In 1978 he won the junior tournament en route to being voted the World Junior Champion by the International Tennis Federation...

paration ahead of Wimbledon and other prominent individuals like Harold Solomon, Eddie Dibbs and Eliot Teltscher, all Americans who think they cannot excel on grass...

RACING

BY DOMINIC WIGAN

TODAY York sees the 15th anniversary of that highly successful annual Timeform Charity Day which has so far raised £480,769 for cancer relief and other charities.

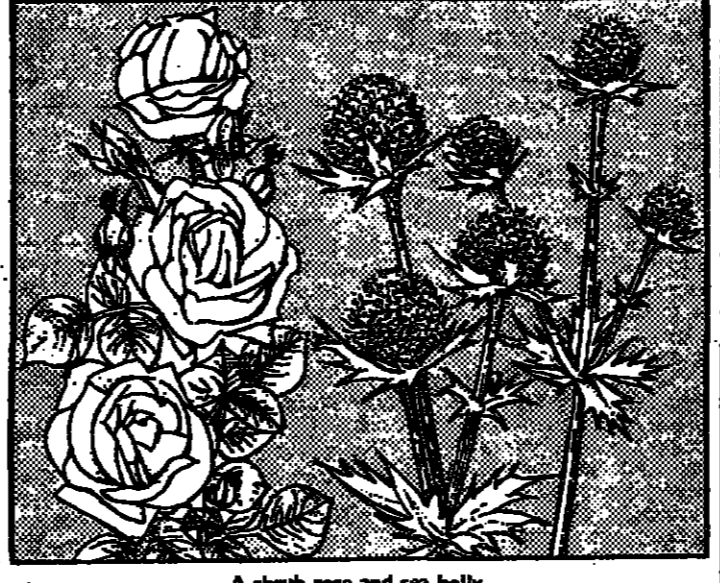
He may find Music Lover his principal rival out of his depth in Haydock's Gus Danmy Memorial Stakes at the end of last month Music Lover had previously made short work of Harper's Bazaar and company when landing Newmarket's Ladbrooke Boldboy sprint under 9st 5lbs.

BATH

2.15—Bold Maid 2.45—Silence Rules 3.15—Secret Miracle 4.15—Royal and Loyal

SPORTS DIARY

CRICKET: England v India First Test. Lords, today, Monday and Tuesday. RACING: Royal Ascot, Tuesday until Friday. SOCCER: World Cup. Tomorrow: Argentina v Belgium, Barcelona. Mon.: Italy v Poland, Vigo; Brazil v USSR, Seville. Tues.: Peru v Cameroon, La Coruna; Hungary v E. Salvador, Elche; Scotland v New Zealand, Malaga. Weds.: W. Germany v Algeria, Gijon; England v France, Bilbao; Spain v Honduras, Valencia. Thurs.: Chile v Austria, Oviedo; Czechoslovakia v Kuwait, Valadoid; Yugoslavia v N. Ireland, Zaragoza. Fri.: Italy v Peru, Vigo; Argentina v Hungary, Alicante; Brazil v Scotland, Seville. LAWN TENNIS: Eastbourne championships, Monday to Saturday. Bristol championships tomorrow until Saturday.



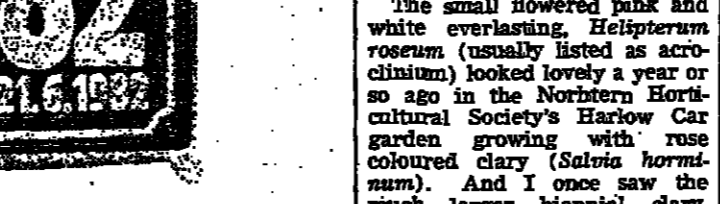
A shrub rose and sea holly

polygons can be used in equally pleasing ways one being to plant Polygonum bistorta splendens, a plant with tiny pink flowers crowded into short spikes on slender stems...

Animals and bedding plants are often used with little thought for the colour or leaf effects they will produce in company. Zinnias can be particularly difficult to use pleasingly for their flowers have a solid look as if carved out of wood...

MANAGOT MARSHMAN, Westmeath Road, 17, Carlton House Terrace, SW1. Until 10 June, Mon-Fri, 10-5.

WILLIAM DRUMMOND, Covent Garden, 27, St. Martin Lane, W1. Until 10 June, Mon-Fri, 10-5.



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WILLIAM DRUMMOND, Covent Garden, 27, St. Martin Lane, W1. Until 10 June, Mon-Fri, 10-5. LEVEYER GALLERY, 30, Bruton St, W1. Until 10 June, Mon-Fri, 10-5.

SEVEN'S CC 01-734 1188, 430 3949, 5001 Group sales 01-779 8091. Even- ing 01-779 8091. L.B. ANOTHER COUNTRY by Julia Wittich. VIVA COURT THEATRE UPSTAIRS, 200 Strand, W.C.2. For ENGLAND by Trevor Sparrow. Even 7.20. Sat 8.00.

FINANCIAL TIMES

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HOARE GOVETT'S U.S. DEAL

Why the market is buzzing

By Barry Riley, Financial Editor

Rhetoric and reality

EVENTS HAVE a cruel way of exposing the rhetoric of good intentions, which is the stock in trade of those who write summit communiqués.

And yet it could have been much worse. At the political level there has been considerable agreement among the leaders of the main industrial countries.

The British, too, have cause to look back on the summit with some satisfaction. Mrs Thatcher emerged with useful support for the British action over the Falklands both from her host, President Mitterrand at Versailles, and from President Reagan, whose reference to the Falklands in his speech to both Houses of Parliament this week was warmly received.

Diametrically opposed

The real bones of contention over the past few days have been economic rather than political. Nothing that was said or done at Versailles can alter the fact that the United States and France, with others ranged at varying points in between, stand at diametrically opposed ends of the spectrum on what should be done to generate economic growth and reduce unemployment.

Nor has there been much genuine progress on the issue of intervention to stabilise exchange rates—part to which the franc's continuing decline and the dollar adds piquancy.

Letters to the Editor

Falklands

From Mr J. Flinn Sir—Most of the current debate about what should happen after our "victory" seems to assume that things will stay the same—particularly in South America—after we have thrown the Argentines out. It seems certain in fact that changes will take place.

Your Lombard column of June 3 identified the changes most likely to develop in Argentina after the conflict. Once the people realise that their military threw away the best chance they've ever had of obtaining some sort of sovereignty over the Falklands they can't last long.

The Junta, however, will try to use facts, and I expect them to look for a consolation prize. Judging from your reports from Chile (June 4) about Argentine allegations of Chilean help for the British task force, it seems that they might seize the disputed islands of Lemoyne, Navera and Picton in the Beagle Channel.

The military's responsibility for "Las Desparecidas" could come home to roost. And a South American Nuremberg may result. The Junta should look to Spain if it wants to know how a civilian government may punish military leaders who transgress upon democracy.

J. C. Flinn, 19 Ashfield Road, Leicester.

Symmetry

From Mr J. Percival Sir—There is widespread agreement that it would be a good idea for the corporate sector to be able to issue deep-discount, zero-coupon or indexed bonds on which lenders would enjoy the same tax relief as they now get on indexed government bonds.

The Inland Revenue argues (Lombard June 8) that "symmetry" demands the issuer should not enjoy tax relief on the appreciation of its debt liability if the lender does. Yet that would make the treatment of discount bonds "asymmetrical" with that of "rack coupon" bonds—and the treat-

THIS week's news that the Los Angeles-based bank Security Pacific is negotiating to buy a 29.9 per cent stake in one of London's leading firms of stockbrokers, Hoare Govett, has set the Stock Exchange buzzing with anticipation.

There is, of course, the dramatic precedent of New York, where a series of big brokerage houses have changed hands—culminating in the recent plan for the British money broking group Mercantile House to buy the medium-sized U.S. brokers Oppenheimer for around \$2bn.

For the time being, however, a restructuring of the London stock market cannot assume anything like the dimensions of the changes that have been seen on Wall Street. The London Stock Exchange has taken a very cautious line on the question of outside participation in member firms.

Until recently the rule was that a non-member could not hold a stake of more than 10 per cent in a member firm. This has applied to the two firms of listed jobbers, Akroyd and Smithers and Smith Bros, just as much as to the multitude of other broking and jobbing firms, which are sometimes constituted as partnerships and sometimes as companies, but are all privately owned.

A previous case involved the Bournemouth firm of Robson Cotterell which in 1974 sold 10 per cent of its equity to two pension funds within the Allied Breweries group. This deal had several controversial features.

While accepting the composition of such a council, I shall not be able to accept its authority and discipline, unless it has been freely elected by all members on a simple democratic one man one vote postal ballot basis. Only then do all members have an equal interest in expressing through their votes their views on the way in which affairs are to be conducted.

The Bill provides the society is not to be liable to members for damage for negligence or breach of duty. If it is enacted as it stands I shall no longer be able to accept the responsibility I have to the insured and will be forced to consider whether I can continue as an underwriting member.

Simple amendment to the Bill will enable the present principle of a single electorate to continue, without classification and special resolutions.

From Mr D. Warburton Sir—In his letter (June 3) the director of the Association of the British Pharmaceutical Industry asserts that if generic drugs were prescribed, this would be a major disincentive to research investment.

From Mr A. Tomlinson Sir—Professor Myddelton (June 2) believes that in my letter of May 24 I asked whether accounts should allow for general inflation; in fact I asked why it should be preferable for business accounts to allow for changes in general price levels (ie, general inflation) rather than changes in the level of prices specific to the business in question.



Richard West, Hoare Govett's managing director, has opened the door—will others follow?

business went through the Bournemouth firm. This led to criticism by London brokers and merchant banks which might otherwise have benefited from the transactions.

When, more recently, majority opinion on the Council of the Stock Exchange inclined towards a relaxation of the 10 per cent rule, it was clear that strings would have to be attached.

There was, however, a desire to seem even-handed between jobbers and brokers. So a general rule was devised, and the maximum stake set at a compromise figure of 29.9 per cent. This has the advantage that it is the same level as that set in the Takeover Code as the limit for shareholdings which do not trigger a full takeover bid. It can be said to mark the hazy borderline between

shareholdings which count as an "investment" and those that confer some measure of effective control.

These commission rates, however, are often "bent" in other ways. Broking firms sometimes deposit substantial sums in interest-free current accounts in order to secure the business of merchant banks. Various services are provided free by brokers to big clients. How much bending of the rules would be permissible in this case? In the end it was decided that no firm should normally receive more than a fifth of its total business from a major shareholder.

In setting such restrictions the Stock Exchange claims that it is seeking to avoid any reduction in the competitiveness of the market. For jobbing

dangerous to set precise rules that could be cleverly evaded; better to do the fine tuning when a test case was to hand.

And if they acquire a merchant bank or a pension fund as a big shareholder, other clients may suspect that the shareholding institution is going to get favoured treatment—the first look at the research, maybe, or first pick of a tasty share placing.

While the wheels were slowly turning in the committee of the Stock Exchange, Hoare Govett was engaged in a lengthy analysis of the ways in which it should prepare for future changes in the shape of

the securities markets. It talked to various institutions in the City of London, and to a number of overseas companies. One decision was that as a large, broadly spread firm it could not afford to become too closely linked to a single UK financial institution; the conflicts of interest would be too serious.

It so happens that during the past two years Hoare Govett has become quite close to Security Pacific, the common stock of which it introduced to the London stock market in 1978. Last month it suddenly became apparent that it would become possible for a worthwhile shareholding link to be forged. The firm was in a position to meet almost instantaneously when the change in the rules was formally announced.

The amount of money involved is not being disclosed, and only part is going directly into new capital; the rest will be absorbed by a partial offer to Hoare's 100 or so existing shareholders. However, the injection, it is claimed, will "very substantially strengthen" the existing £7m capitalisation of the balance sheet.

Additional capital will give Hoare Govett more resources to push ahead with its overseas plans. It will be hoping to market its Far Eastern research work more actively in the U.S., just as the Japanese securities houses do, and the link with a West Coast

bank is seen as being very advantageous. At present, however, Hoare Govett does not do any dealing for Security Pacific, and the question of whether it might handle any portfolio dealings by the Californian bank in the London market is still undecided.

The brokers are anxious to emphasise that there will be no change in the traditional way of dealing with London clients. Hoare remains optimistic about its London business, and it has just clocked up record profits in the year ended last month.

It claims a positive reaction to the Security Pacific link from a variety of London contacts, including clearing banks, merchant banks, the Bank of England and various investment institutions.

But if Hoare Govett has opened the door, who else might run through? It is common knowledge that big U.S. brokerage houses like Merrill Lynch—which has recently bought into a Hong Kong firm—are seeking to build up their international networks. They would not find it easy to comply with the Stock Exchange's hands-off requirements. At the same time, they would not be happy to see the major London brokers one by one locked into relationships of the Hoare Govett-Security Pacific type.

It is possible that within a few years much of the London Stock Exchange's rule book will be torn up by the Restrictive Practices Court. If so, questions of "undue influence" and 29.9 per cent shareholding limits will no longer apply. But by that time, many of the plums in the London stock market may already have been picked.

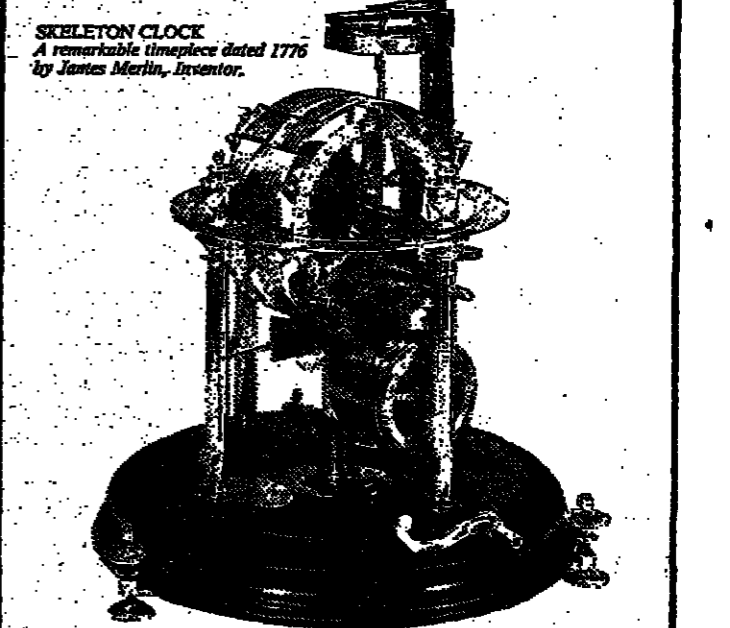
The challenge posed by the Hoare Govett decision, however, is that inhibitions within the domestic markets may cause most of the new connections to be forged with overseas institutions. The possibility of the formation of powerful London-based groups with a stock market base appears to be small. The question is whether, in the context of rapid international integration of the world's major capital markets that is the right way to ensure that the City of London will retain an important role.

There remains the intriguing possibility that commercial pressure may be too strong for the Exchange's members

If combined with special capital structures of the Robson Cotterell type. An investment institution channelling its securities dealing business through a broking firm in which it had a large stake might be able to get a significant proportion of its commissions back in dividends. This could be seen as posing a threat to the Stock Exchange's fixed commission structure.

These commission rates, however, are often "bent" in other ways. Broking firms sometimes deposit substantial sums in interest-free current accounts in order to secure the business of merchant banks. Various services are provided free by brokers to big clients. How much bending of the rules would be permissible in this case? In the end it was decided that no firm should normally receive more than a fifth of its total business from a major shareholder.

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Robert Graham reports from Madrid on some last-minute snags in staging the month-long World Cup

The tribulations of the humanised orange

BEHIND A veneer of calm the organisers of the 1982 World Cup football competition have had some appalling last-minute hitches.

With the opening match due tomorrow between Argentina and Belgium in Barcelona, imagine the poor officials who this week discovered that the newly made doors to the Nou Camp Stadium had all been put on the wrong way.

Then the fire authorities abruptly announced they were unwilling to licence more than 100,000 spectators to use this, Spain's largest stadium. Tickets had been sold on the basis of accommodating 120,000.

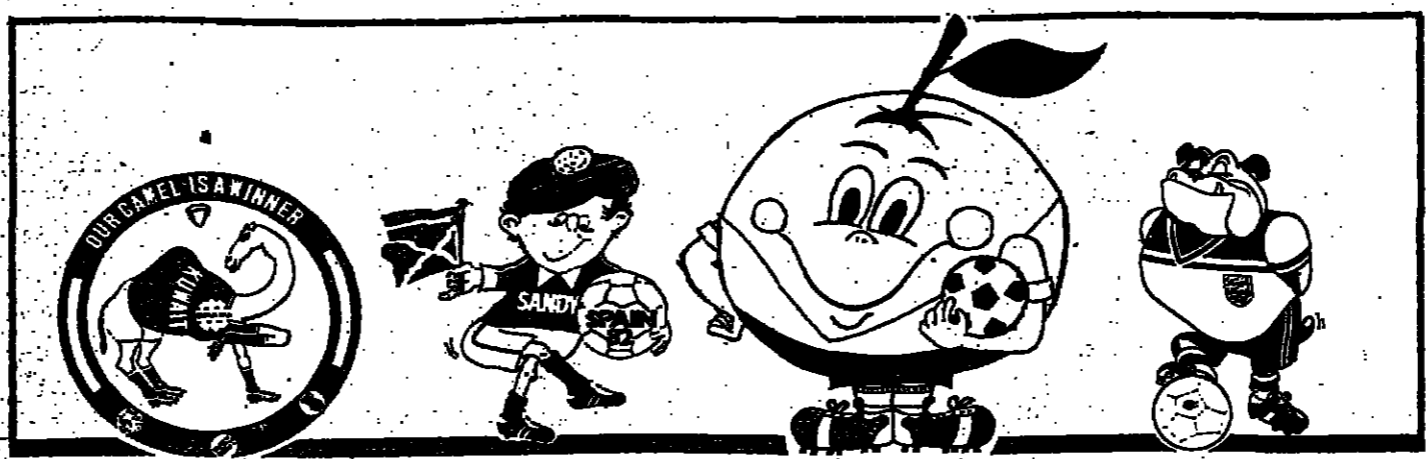
And as if this was not enough, the 4,500 participants

free area enlarged. "Even if it's up to the kick-off, everything will be ready. It's always like this," one official commented in Barcelona yesterday.

Thus, a bit like a well-oiled stage prop which hides the electric wires, Spain will be putting its best foot forward as it receives its biggest exposure to the outside world during the month-long football competition.

The high points of the Cup are likely to be watched by Labn TV viewers world-wide. Over 7,000 journalists, photographers and technicians from radio, TV and the press are here to satisfy the hunger for facts, titbits, excitement and scandal in the world's biggest sporting extravaganza.

The BBC alone has more than 150 people here.



Symbols of the 1982 World Cup: Kuwait's football-playing camel, Scotland's wee sandy, the Cup's humanised orange mascot "Naranjito" and England's cartoon-character bulldog.

static publicity and SwFr 26m (about £7m) for commercialisation rights. Rofa Sport then ceded these rights to a Monaco registered promotion company, SMP. The latter in turn contracted the London-based consultancy and sports promotion group West Nally which is run by sports commentator Peter West and Patrick Nally.

West Nally got Cup promotion off the ground by agreeing on the mascot—"Naranjito," a humanised orange. It was also responsible for setting up a joint company with the Spanish Football Federation, Derrmundal, to promote the merchandising of the competition. The relationship between West Nally and all these various companies has created considerable confusion especially after West Nally pulled out having failed in April to agree on a renewal of its contract. Patrick Nally was one of the original signatories in the agreement between Rofa Sport and FIFA for the concession of rights.

The real make or break operations are those of companies which have paid to use the "Naranjito" mascot on products which range from tee shirts and drink to soaps and towels. Derrmundal has sold over 800 concessions. But it has come up against a formidable array of imitations and has been obliged to set up a special legal department to combat what it regards as between 80 and 90 serious frauds. Derrmundal itself is talking of a profit from merchandising of only Pta 129m (£80,000). An indication of lower demand has come from one of the main video distributors, Varte, which had anticipated a 150 per cent increase on last year's sales of 65,000. So far it has sold 135,000 videos, less than it had hoped.

For my money the person who has come out of the Cup

Before the first game each player received £4,000

Kuwaiti team is from the smallest football base of any of the competing nations. Kuwait has only 14 clubs and 1,638 players. To match the triumph of their participation a massive Kuwaiti contingent including the Emir is expected to turn up at Valladolid where they are due to play. The team has been given up to £200,000 for getting to the World Cup this week. A Kuwaiti spokesman said that before the first game each player had received £4,000.

The Spanish Government is meanwhile ringing its hands in the hope that the national team will put in a strong performance. With a nation riding high on a football win this will eliminate a good many of the past political memories of the past few months—and there are enough of these with a divided government party and a military establishment angry that the Government is contesting lenient sentences in the recent trial of those responsible for the 1981 abortive coup. Perhaps this is really what the World Cup is for.

A strike by some key construction workers

In the dress rehearsal for the opening ceremony, rickety greengrocers turned their enthusiasm to form Picasso's Dove of Peace. Further dress rehearsals were postponed.

Similar stories have filtered in from the other 16 stadiums which will host the 24 teams in the competition. Bilbao for instance, where England will play their first match against France on June 16 looks distinctly unfinished—not least because of a strike by some key construction workers.

The Cup has been the catalyst for a major face-lift operation in each of the 14 cities involved. None as yet appears to have completed the finishing touches. Madrid's international airport this week was a jungle of equipment as new check-in facilities were being installed, special welcoming booths set up and the duty

provides potential dynamite for incidents, especially as the Spanish have decided so openly to back Argentina. The groundswell of anti-British sentiment over the Falklands pervades most of the country save the Basques who are rooting firmly for England.

The England team should feel at home in Bilbao—playing in a stadium where one of the first trainers was an Englishman, where the team has a uninterrupted view from its hotel of the entry to Bilbao port. The Scots are down at Sojo grande, the luxury hotel and villa development near the frontier with Gibraltar. They are congratulating themselves on not taking up an offer by the Gibraltar government to stay there—the offer was made in the belief that the border would be open. The Northern Ireland team is staying some 300 km up the coast at Valencia.

No one seems to know just how many people are going to come to Spain during the next month. Normally during this period Spain welcomes about 4m visitors. Mundespansa, which has organised the foreign ticket sales, originally thought that up to 1m would come for the soccer. This has been scaled down to 250,000. Even this could well be optimistic.

Mundespansa's sales policy has proved little short of disastrous. It set out with the sound idea that to avoid confusion it would be simpler to sell a complete World Cup package that included entry tickets, air fare

and hotels. The packages were to cover the two phases of the Cup.

Having thought that up to 200,000 packages could be sold for the first phase Mundespansa has sold only 25,000; and of the 40,000 targets for the second and final phase no more than 25,000 tickets are believed to have been sold.

The Spanish Press has hurled

abuse at Mundespansa for grossly overpricing at a time of international recession. If this is the case it is a surprising error since Mundespansa is formed jointly by the four biggest Spanish travel agencies—Ecuador, Marsans, Melfa and Wagon Lits—and the four major hotel chains—Enturas, Husa, Hotasa and Melia.

Already some cancellations have been announced. For

A magnificent occasion to promote products and generate tidy profits

instance more than half of the 5,000 Argentine bookings have been cancelled because of the Falklands conflict. It is also thought that this may affect some of the casual attendance from British fans since a lot of people were expecting to come to Spain "to see the football" without a ticket or hotel booking.

Mundespansa has been

obliged to make major cancellations of hotel bookings. In some instances in the Basque country these cancellations have been up to 100 per cent while in the case of Valencia up to 80 per cent of all bookings have been called off. Mundespansa is also awash with tickets. "Trunkfuls" as one official said.

This touches on what all too often seems to be the real driving force behind the Cup—a magnificent occasion to promote products and generate tidy profits. The competition is being organised by a committee headed by a Spaniard, Sr Raimondo Satorra, in conjunction with the Spanish Football Federation and Fifa—the governing body of international football.

Fifa agreed to let a Swiss company, Rofa Sport, obtain the three most important and costly commercial contracts related to the competition—the world TV rights outside Spain, static publicity and commercialisation/merchandising of the competition. Rofa Sport paid SwFr 82m (about £11m) for the TV rights, SwFr 30m (about £3.25m) for

Economic Diary

TODAY: Mr Leon Brittan, chief secretary to the Treasury, and Mr Cecil Parkinson, Conservative Party chairman, attend Welsh Conservative Party conference in Llandrindod. Labour Women's conference at City Hall, Newcastle (until June 14). Mr Arthur Scargill, president of the NUM, speaks at South Wales miners' gala in Cardiff.

MONDAY: European Parliament begins five-day session in Strasbourg. EEC finance and agriculture councils meet in Luxembourg. Provisional retail sales figures for May. BIS annual report published. Church Commissioners annual report and accounts. COSE conference in Exeter (until June 18). NALGO conference in Brighton (until June 18). The Economist hold conference "Hong Kong—prospect and opportunities" in Frankfurt (until June 15).

TUESDAY: EEC fisheries and development councils meeting in Luxembourg. FT conference on the future of bank reporting at Grosvenor House Hotel, WI.

WEDNESDAY: Mrs Margaret Thatcher addresses UN session on disarmament in New York.

THURSDAY: Provisional index of industrial production for April. UK banks' assets and liabilities and the money stock (mid-May). London dollar and sterling certificates of deposit (mid-May).

FRIDAY: Retail prices index for May. Tax and price index for May. Mrs Margaret Thatcher attends charity night at the Press Club.

Weekend Brief

World's most cosseted journalists

"This must be the worst trip ever," said a veteran White House correspondent as President Ronald Reagan's whirlwind tour of Europe entered its 10th and last gruelling day yesterday.

With two international summit meetings in a week, a dash to Rome to see the Pope, another to see the Berlin Wall, and a State Visit to Britain, the stamina of the usually cosseted White House Press Corps has been severely strained.

It is true that there are advantages in travelling on the chartered jumbo jet Press plane that follows—or in fact usually precedes—the President. The White House Press men hand in their passports at the outset and get them back at the end. They never have to go through normal customs and immigration procedures, book hotel rooms or even carry their luggage. It appears magically in the room at each stop.

Boarding the Press plane at

Andrews Air Force Base in Washington at 6.30 am, the first thing you are offered is Bloody Mary, soon to be followed by a champagne breakfast complete with free jelly beans and a fresh carnation. "It's the only way to travel," said a British colleague, who had promptly adjusted his watch to Paris time—six hours later—to justify his sudden need for a drink.

Discipline, to say the least, is slack. People stroll up and down the aisles smoking and chatting as the plane taxis to take off and few break off their conversations when the captain asks them to fasten their seat-belts. The chatter of typewriters continues through the in-flight movie.

At each stop the White House press demands to be, and usually is, treated as a privileged elite. It gets a continuous stream of high-powered briefings from cabinet members like Mr Alexander Haig, the State Secretary, or Mr Donald Regan, the Treasury Secretary, while journalists from other countries normally have to be content with lowly, anonymous spokesmen.

They don't have to take notes. Verbatim transcripts of the briefings are usually available within 30 minutes. They don't have to read foreign newspapers. The U.S. Government supplies potted versions in English each morning. And most of them don't have to go anywhere because they are handed a "pool report" from a small group selected to cover the main ceremonial events.

On rare occasions that they



President Reagan inspecting the Guard of Honour at Windsor Castle overlooked by some of his Press Corps

must move out of the special White House press centre that is set up at each stopping place, a specially arranged shuttle bus arrives to transport them. In Bonn on Thursday there were facilities for them to order taxis to meet them on their return to Washington today.

The minutest details are explained without the need even for a telephone call. In his Bonn speech Mr Reagan mentioned some ladies in a town called Filderstadt who had sent him a

petition. Moments later there was a handout on Filderstadt, which turned out, among other things, to be the home of Filderkraut, "better known as sauerkraut."

There was a full list of the gifts that the Reagans had given their various hosts. For some unexplained reason, the Thatchers got a set of teaspoons and sugar tongs. Herr Helmut Schmidt, the German Chancellor, was given a wine cooler. But there are disadvantages

too. In the last ten days departure times for the press plane has averaged about 6 am and the trip to Rome meant getting up at 3 am. The aircraft has to arrive well before the President so that the TV cameras can be set up in advance and the security services satisfied. If Mr Reagan has looked tired on occasions in the past few days, many of his 800 strong press entourage have looked even worse.

Contract stringer for tennis

It takes the intestines of seven sheep to make one 33 ft length of gut—sufficient only for a single tennis racket frame.

This unusual commodity has provided an equally unusual career for Derek May. He will be commuting daily from his Wiltshire home to attend to the needs of Wimbledon's superstars. Each evening he will return with a carload of injured rackets which must be restored in time for the next day's play.

"I am what is known as a 'contract stringer'," he explains. "There are factories who make the gut and factories who make the rackets—a contract stringer puts the two together."

Mr May learned to string by hand, but now uses a sophisticated machine made in America. "I found that a machine makes the job much easier and gives more accurate results. It also puts much less strain on the chest and arm muscles." Mechanisation of the technique, he says, meant that he has been able to establish a team of ten women outworkers, who each have a £800 racket-stringing machine in their front room.

"Hardly any professional plays with a synthetic fibre," he maintains. "Natural gut has an

ability to stretch with rapid spring and return to its original length. The secret is to get every racket exactly the same, so that if a string goes in the middle of a match a player can pick up another racket and play on without even noticing the difference. No professional ever has a repair. It is always a complete restring. Someone who plays hard, like Vilas, can have over 400 restringings a year."

Derek is able to judge the tension of a racket by listening to the "note" of a string. "I've even taken rackets to a professional musician to try to get two with exactly the same note. Top players know to within an lb what the tension is—and even that can all be altered by the weather."

He has strung rackets for nearly all the VIPs, including

Connors, Gerulaitis, Fibak and Maria Bueno. This year he is in sole charge of Buster Mottram's "wardrobe" of 20 rackets. "Every day the postman delivers something—people send me their rackets from just about everywhere."

While Derek attends to the professionals personally, his outworkers are busy all the year round on bulk orders, including squash and badminton rackets, which will be sent across the globe. "I normally teach my workers to do a certain type of racket and they stick to that model," he says. "They are usually women, because it is work you can do at home. But I have had a policeman and even a postman! It takes a couple of weeks to learn to string properly, but some people pick it up straight away."

for suits or dresses for between \$15 and \$30 by a tiny, multi-lingual Vietnamese master tailor—his faint air of disdain the only clue to his real feelings, as he stands on a chair to measure them.

There was much glee among the western diplomatic community which has recently suffered a rash of break-ins (a thing unheard of before the capture of "capitalist" Saigon in 1975) when it was learnt that the Russian embassy compound in Hanoi was burgled.

"Petty crime is a real problem today," said one envoy. "Three years ago if something went missing the word would go out and you'd get it back within hours. Today there's no chance."

Predictably the Soviet Embassy occupies the grandest quarters: a huge walled compound of considerable grace, built in the centre of the city in the 1920s by the French. All day black Moscovitesses bearing the hammer and sickle flag ferry officials in and out.

Their nearest rivals are the Swedes who live in a newly-

built compound at the edge of the city for which virtually everything down to special ceiling tiles to keep out the heat was shipped in. Sweden has the biggest aid programme to Vietnam of any non-communist country and has always maintained special relations with Hanoi.

"It's the weather which is the real killer," said one ambassador. "Some of my colleagues are falling like ninny-pops. One of them has it written into his contract that he spends three weeks out of six in Bangkok."

Hanoi summers are boiling hot with high humidity. Winters are cold. As another of his colleagues said—three days before leaving for his next posting—"It's been fun. This is a fascinating country. But enough is enough."

Contributors:
Reginald Dale
Judith Stares
Alain Cass

Esprit de corps in Hanoi

The Vietnamese may be hungry but foreigners in Hanoi can buy what is probably the cheapest French champagne east of the Alps. It costs a mere \$12.50 a bottle.

Teacher's whisky, cognac and good French Beaujolais for ground \$4 a bottle is also available at the hotels and shops run for the capital's small foreign community.

At the Thong Nhat hotel foreign diplomats throw occasional parties to relieve the gloom of being posted in what may be, with the possible exception of Albania and Outer Mongolia, the toughest posting in the world.

The Thong Nhat is home for many of them. The Malaysian ambassador must have the smallest embassy in the world there. A room on the third floor, 18 ft by 15 ft. A curtain

separates his "residence" from the "chancery".

"This is my empire," says a remarkably cheerful if slightly wary Ajit Singh who is about to be posted to Vienna.

The Yugoslav ambassador is on the second floor, the Algerian, British man in Hanoi lives in a splendid old French colonial house which he believes was built at the turn of the century as a high-class bordello for rich Chinese merchants. "It's the bedroom with each room on the ground floor that's the give away," says Mr Derek Romain.

Things Nhat hotel—one of three available for foreigners—was once described in a French guide-book as "the most comfortable of all the hotels in Indochina." It used to offer its guests 120 apartments, 10 de luxe, a lift, afternoon tea and evening meals to music, grand balls and, in the summer, a cinema.

That was before France lost Vietnam to the Communists in 1954. Today things are not quite the same. The guest shares his room with the odd cockroach,

Society Name	Deposit rate		Share %		Sub'pn %		Term shares	
	%	%	%	%	%	%	%	
Ald to Thrift	8.50	8.75	10.00	10.75	high option, 9.25-10.75	1.5 years	6 years sixty plus, 10.25	1 year open bondshares
Alliance	9.55	9.80	—	—	—	—	—	—
Anglia	8.50	8.75	10.00	10.75	6 y., 3 m. not, 9.75	1 m. not, 10.25	1 mth's. not. all int. loss	—
Bradford and Bingley	8.25	8.75	10.00	9.75	1 month's notice	—	—	—
Bridgewater	8.50	8.75	10.25	10.75	5 years, 9.85	2 1/2 years	—	—
Bristol Economic	8.50	8.75	10.00	9.50	3 months' notice and 9.75	on balances of £10,000 and over.	Escalator shs. 9.25-10.75 (1.5 y.)	—
Britannia	8.50	8.75	10.00	10.75	5 y. option bond, 10.00	2 m. not.	—	—
Burnley	8.50	8.75	10.00	10.75	5 yrs., 3 mth. not, 9.75	1 m. not.	—	—
Cardiff	8.50	9.25	10.25	9.50	on bal.: £3,000-10,000, † to £3,000	—	—	—
Cardiff	—	10.00	—	—	£10,000 and over	—	—	—
Catholic	10.00	9.00	10.00	9.25	on share balances of £5,001+	—	—	—
Chelsea	8.50	8.75	10.00	11.00	3 y.—90 dys. not. on amt. wtd.	—	—	—
Cheltenham and Gloucester	8.50	8.75	10.00	—	—	—	—	—
Cheltenham and Gloucester	—	9.75	—	—	Gold Account. Savings of £1,000 or more (8.75 otherwise)	—	—	—
City of London (The)	8.75	9.10	10.25	10.25	Capital City shs. 4 mths. notice	—	—	—
Conybury Economic	8.50	8.75	10.25	10.50	4 yrs., 10.25	3 yrs., 10.00	3 mths.	—
Dorchester	8.50	8.75	10.00	9.25	9.85 (3 months' notice)	—	—	—
Ealing and Acton	8.50	9.25	—	—	9.85	2 yrs., £2,000 min.	—	—
Gateway	8.50	8.75	10.00	10.75	2 yrs., 2 mths. not. int. loss	—	—	—
Gateway	—	9.75	—	—	Plus a/c £500 min. Int. 4-yearly	—	—	—
Greenwich	—	8.85	10.10	10.85	5 yrs., 10.10	3 months' notice	—	—
Guardian	8.50	9.00	—	—	10.75	6 mth., 10.25	3 mth., £1,000 min.	—
Halifax	8.50	8.75	10.00	10.75	5 yrs., 3 mths. wtd. notice	—	—	—
Heart of England	8.50	8.75	10.50	—	3 mths. notice 9.75, 5 yrs. 10.75	—	—	—
Hearts of Oak and Enfield	8.50	9.00	10.50	—	10.75	5 yrs., 10.25	6 mth., 10.00	4 mth.
Hendon	9.00	9.75	—	—	10.50	6 mths., 10.25	3 mths.	—
Lambeth	8.50	9.00	10.50	—	11.00	5 yrs., 10.75	6 months' notice	—
Leamington Spa	8.60	8.85	11.93	—	10.35	1 year	—	—
Leeds and Holbeck	8.50	8.75	10.50	10.75	5 yrs., 9.75	1 mth. int. penalty.	—	—
Leeds Permanent	8.50	8.75	10.00	10.75	3 yrs., E.I. a/c	£500 min. 9.75	—	—
Leicester	8.50	8.75	10.00	10.75	5 yrs., 10.25	4 yrs., 9.75	3 mths.	—
London Grosvenor	8.00	9.25	11.00	9.75	3 mths. notice	1 mth. int. pen.	—	—
Middlesbrough	8.50	8.75	10.00	—	—	—	—	—
Mornington	9.30	9.80	—	—	—	—	—	—
National Counties	8.75	9.05	10.05	9.75	35 days' notice min. dep. £500, 10.15	6 mths. min. dep. £500	—	—
Nationwide	8.50	8.75	10.00	10.75	5 yrs., £500 min. 90 days' notice.	Bonus a/c 9.75	£1,000 min. 28 days' notice	—
Newcastle	8.50	8.75	10.00	10.75	4 yrs., 9.75	2 mths. notice, or on demand	28 days' int. penalty	—
New Cross	9.50	9.75	—	—	9.75-10.50	on share accs., depending on min. balance over 6 months	—	—
Northern Rock	8.50	8.75	10.00	10.75	5 yrs., 10.25	4 yrs., 9.75	3 yrs.	—
Norwich	8.50	8.75	10.25	9.75	3 yrs., 9.50	2 yrs.	—	—
Paddington	8.25	9.25	10.75	—	10.25	Loss 1 month int. on sums wtd.	—	—
Peckham Mutual	9.25	9.50	—	—	10.00	2 y., 10.5	3 y., 11.0	4 y., 9.75
Portsmouth	8.85	9.05	10.55	—	11.10	(5 yrs.) to 10.50	(6 mths.)	—
Property Owners	9.75	10.25	11.75	—	11.75	4 yrs., 11.75	6 mth., 11.05	3 mth.
Provincial	8.50	8.75	10.00	10.75	3 yrs., 9.75	1 month	—	—
Skipton	8.50	8.75	10.00	9.85-10.00	28 days' interest penalty	—	—	—
Sussex County	8.75	9.00	11.25	10.00	2 yrs. (early withdrawal option)	—	—	—
Sussex Mutual	8.50	9.25	10.75	9.50-10.75	all with special options.	—	—	—
Town and Country	8.75	8.75	10.00	11.40	5 yr., 10.75	3 yr. 60 d. wtd. opt., 10	2 mth. not. 725 days' int. loss	—
Wessex	8.75	9.80	—	—	—	—	—	—
Woolwich	8.50	8.75	10.00	10.75	90 days (int. loss), 9.75	immed. access (int. loss) or 28 dys. not.	—	—
Yorkshire	8.50	8.75	10.00	10.25	5 yrs., 10.25	4 yrs., 9.75	3 yrs., 9.25	2 yrs., 10.00
Yorkshire Huddersfield & Bradford and West Yorkshire	—	—	—	—	10.25	5 yrs., 10.00	Golden key 28 days' penalty interest	—

* Rates normally variable in line with changes in ordinary share rates. All these rates are after basic rate tax liability has been settled on behalf of the investor.

UK COMPANY NEWS

18 Companies and Markets

UK losses take toll on Pilkington

HIT BY a £29.2m increase in UK losses to £41.3m... Pilkington Brothers, glass manufacturer and processor...

Wigfall deeper in the red

After reporting losses of £1.81m at the halfway stage, the directors of Henry Wigfall and Co. have reported a further £1.81m loss...

Johnson & Firth Brown larger loss at midway

Mr Clay believes recent restructuring in most subsidiaries... Johnson & Firth Brown, engineering firm...

Johnson & Firth Brown larger loss at midway

Mr Clay believes recent restructuring in most subsidiaries... Johnson & Firth Brown, engineering firm...

Ophthalmics push UKO into £0.5m loss

AFTER AN exceptional debit of £593,000 for the year to end-March 1982, UKO International incurred a pre-tax loss of £593,000...

strong, a drop of 600, stocks have been out by about £2.5m, with interest charges coming down by 15 per cent to £2.2m...

Lack of demand hits Burco Dean at halfway

THE continuing lack of demand has resulted in Burco Dean falling deeper in the red, and Mr S. Crookenden, the chairman, describes the year as "most disappointing"...

looked its products. Eastham kitchen furniture has been squeezed at the cheap end by such companies as MFL...

Ward and Goldstone warning

A WARNING that pre-tax profits for the year will be "materially less than the £1.9m for the first six months... Ward and Goldstone, engineering firm...

Ward and Goldstone, engineering firm, has issued a warning that pre-tax profits for the year will be materially less than the £1.9m for the first six months...

Electra Inv. at £4.7m and pays more

An increase in profits after tax has been shown by Electra Investment Trust for the year to March 31 1982... Electra Inv., investment trust...

an increase in profits after tax has been shown by Electra Investment Trust for the year to March 31 1982... Electra Inv., investment trust...

Results due next week

Most analysts believe that Tesco will produce marginally improved full year profits of about £35m pre-tax and a little bit more if the £5m or so...

Table with columns: Company, Announcement date, Dividend (p) Last year, Dividend (p) This year. Lists companies like Tesco Stores Holdings, Bakers Household Stores, etc.

Dividends are shown net pence per share and are adjusted for any interim dividend payments.

The glow of steel turns cold

JOHNSON AND FIRTH BROWN did all the things Sheffield's fiercely independent special steels companies were supposed to do in the 1970s...

climbed to 79 per cent of shareholders' funds by March last year in 1978 formed the core of the group...

Sidlaw advances to £1.7m

Sidlaw Group's pre-tax profit increased to £1.73m for the half year ended April 2 1982 compared with £1.56m last time...

climbed to 79 per cent of shareholders' funds by March last year in 1978 formed the core of the group...

Ward and Goldstone warning

A WARNING that pre-tax profits for the year will be "materially less than the £1.9m for the first six months... Ward and Goldstone, engineering firm...

climbed to 79 per cent of shareholders' funds by March last year in 1978 formed the core of the group...

Spring Grove suitor to St. George's

Spring Grove, the laundry services group floated off from Charterhouse Group's industrial stable two years ago, has emerged as the bidder for St. George's...

Shareholders in Speedwell Gear Case, the loss-making sheet metal engineer, ratified an extraordinary general meeting the sale of the company's assets and liabilities to Astra Industrial Group...

Evered site sales to net £650,000

MR D. M. SAUNDERS, chairman of Evered and Company Holdings, told the AGM that contracts had been exchanged in respect of the sale of the Evered site...

Table with columns: Company, Date, Current payment, Corrected payment, Total. Lists companies like Barlow Higgs, John Beales, etc.

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ US\$ Stock. § For 15 months.

Companies and Markets

WORLD STOCK MARKETS

Dow jumps 12 in 56m volume

NEW YORK

Table of stock prices for various companies in New York, including columns for Stock, June 10, June 9, and June 8.

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PRICES SOARED in the heaviest trading in weeks on Wall Street yesterday, following the reaction to the end of the Federal Budget...

Following Wall Street's lead, Canadian stocks staged a broad advance, tentatively reversing a nine day losing streak.

At mid-session, the Toronto Composite Index was up 16.4 at 2497.3 and Banks 4.46 at 270.55. But Golds lost 17.0 to 1797.1.

The Canadian Cabinet is currently debating changes in its economic policy, and is considering issuing a guideline for the voluntary limit of Public Sector wage increases of 6 per cent.

Aerospace and Defence stocks got a boost from the Budget which recorded a 50 per cent peacetime increase in military spending.

Lockheed rose \$11 to \$501, General Dynamics \$11 to \$261, Bendix \$1 to \$484 and Northrop \$1 to \$491.

The market also got a boost from the news that Israel and Syria agreed a ceasefire in Lebanon.

American Hospital Supply, the volume leader, moved up \$1 to \$403 a block of 1,874,400 shares traded at \$40.50.

Some of the stronger groups in the market included Technology, Railroad, Retailing and Defence stocks.

Oil Drilling and Services stock perked up after sliding for weeks. Schlumberger put on \$11 to \$401, Halliburton \$1 to \$201, NL Industries \$1 to \$201 and Galveston Houston \$1 to \$27.

MCA were lifted \$21 to \$591 - its movie "ET - the Extra-terrestrial" opened yesterday and is expected to be one of the biggest hits of the Summer.

The Standard & Poor's 500 Index improved to 259.72 for a net gain of 0.74 on the week. Trading volume

Closing prices for North America were not available for this edition.

Prices closed higher, mainly due to an imminent settlement of the 1983 U.S. Budget.

Lower U.S. interest rates are expected to be the consequence both here and in the U.S., which gave a boost to equities.

The Hang Seng Index moved up 30.77 to 1,338.98.

Brokers noted the possibility that U.S. stocks have bottomed out triggered short-covering here. Leaders recovered generally while "second" and "third" timers were mixed.

Germany shares finished slightly higher after a moderately active session, with dealers citing the U.S. budget compromise and ceasefire in the Lebanon as improving sentiment.

Motors and Banks attracted some limited foreign investor interest. AEG shed DM 0.30 at a new all-time low of 34.50 after news its workforce would oppose the new Corporate plan.

Chemicals and Steels were slightly higher.

Shares prices firmed after eight consecutive days of decline, in response to the U.S. House of 1983 Republican Budget Plan.

43.18 to 7,196.46, after an 80.75 fall Thursday, but trading re-

mained slow at 170m (210m) shares, due to concern over an intensifying tension in the Middle East.

Along with the yen recovery against the dollar, Chile and Export Oriented issues recovered substantially.

Issues listed on the New York Market were preferred in anticipation of a Wall Street advance following the U.S. Budget news.

Sentiment was also supported by a 0.5 per cent rise in Japanese GNP for the January to March quarter and an upward revision of the previous quarter figure to minus 0.7 per cent from minus 0.9 per cent.

Sentiment was also supported by many domestic issues, including Funds, Drugs, Synthetic Fibres and Constructions. However, Shipbuilders, Steels, non-Ferrous Metals and Housebuilders were neglected.

Falcobridge, which resumed at the opening, moved up \$14 to \$221.50. It said it planned a 25 per cent cut in its workforce.

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NEW YORK

Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

Oerlikon plans to cut workforce

By John Wickes in Zurich. OERLIKON BUERLE, the Swiss arms-maker...

The redundancies centre on 300 workers at the engineering company...

At the annual meeting in May shareholders were told that the chances of a recovery...

Swiss fabrics group incurs further loss

GARDISETTE, the Swiss soft-fabrics producer...

The board is to ask the annual meeting on June 25 to approve the freeing of SwFr 15m...

A statement attributes the setback to weak demand plus the cost of restructuring.

Alfa Romeo runs up heavy deficit as unit sales fall

BY RUFERT CORNWELL IN ROME.

ALFA ROMEO, Italy's long-troubled car maker...

The 1981 deficit of the company, which is controlled by state-owned IRI...

At the annual meeting next Friday, permission will be sought for a further capital increase...

Alfa's plight reflects the combination of soaring labour costs...

L76bn in 1980. Hopes are also pinned on the new Alfa-Nissan vehicle to be assembled at a new plant near Avellino...

Alfa, moreover, is banking on economies of scale from the components agreement expected shortly with Fiat...

Some signs exist that 1982 might be witnessing a slight improvement. In the first four months domestic car registrations...

Triumph Adler sees recovery

By Our Financial Staff

TRIUMPH-ADLER, the office electronics group...

For 1981 the company ran up a world group loss of DM 142m (\$89m) on sales of DM 1.55bn...

Last year a parent company net loss of DM 197m was reduced when Volkswagen released Triumph-Adler from payment of DM 250m of debt...

German freeze on DM bond issues

BY ALAN FRIEDMAN

WEST GERMAN banks yesterday imposed a two-week freeze on the issue of around DM 900m of new Euro-Dmark bonds...

The decision, taken by the West German Sub-committee on Capital Markets...

One banker commented that the freeze was good news for the market. "In my mind this shows the market is being sensible," he said.

IRI in link with Hitachi

By Our Rome Staff

IRI, The Italian state-owned conglomerate, has announced the first fruits of its drive to strengthen ties with Japan...

The deal, for which no financial details have been given, is between a consortium of IRI companies...

The two partners are committed to exchanges of technology joint production of bio-medical and ultra-sonic surgical instruments...

Tiger Oats wins contest for Monis and Fattis

BY JIM JONES IN JOHANNESBURG

THE FIGHT between South Africa's two largest food groups, Tiger Oats and Premier Group...

Monis is the last independent flour miller with a Johannesburg Stock Exchange quote and has 2.82m ordinary shares in issue.

The first move in the fight for the group which was considered to be strategically important to both contestants was an 820 cents a share bid for 51 per cent of the equity.

Wardley in ACLI partnership

By Robert Cottrell in Hong Kong

ACLI INTERNATIONAL, the U.S. commodity trader, has found a new Hong Kong joint-venture partner...

ACLI, a subsidiary of Donaldson, Lufkin and Jenrette, the Wall Street investment house, has now linked up with Wardley...

Merrill Lynch meanwhile, has now made its tender, jointly with Paribas, for 10 per cent of Sun Hung Kai Securities...

Konishiroku Photo lifts profits by 71%

By Our Financial Staff

UNCONSOLIDATED net profits at Konishiroku Photo Industry Company...

Net profits rose to ¥10,811m (\$44m) from ¥7,811m in 1980-81. Sales increased to ¥215,011m from ¥198,481m.

The company raised its final dividend to ¥1.25 a share, up from ¥1.15, bringing the total dividend for the year to ¥2.40 a share, up from ¥2.15.

New chairman to take up reins at Ford of Europe

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD MOTOR has appointed a new top man in Europe. He is Mr Edward Blanch...

Mr Blanch has been promoted to take charge of Ford's operations worldwide outside the U.S. as executive vice-president...

Mr Blanch, 56, has been president of Ford of Europe (equivalent to the managing director) since 1978. He has a mechanical engineering degree and one in business administration...

Bruguera seeks receivership

By Robert Graham in Madrid

ONE OF Spain's best known publishing groups, Editorial Bruguera...

In addition, a similar application was sought for Bruguera's subsidiary, Librea, with assets of Pta 1.2bn and debts of Pta 867m.

Commodity investment without tax. I.G. Index Limited, 9-11 Grosvenor Gardens, London SW1W 0DB. Telephone: 01-825 5699

COMMODITIES/REVIEW OF THE WEEK

Tin prices plunge as pact talks fail

BY OUR COMMODITIES STAFF

TIN PRICES came under renewed pressure on the London Metal Exchange yesterday, following news that the Geneva conference...

Copper prices also came under renewed pressure this week. Higher grade cash closed \$12 down on the week at \$230 a tonne...

Another cut in the European zinc producer prices, from \$680 to \$600 a tonne, was announced.

BASE METALS

Encouraged buying of COPPER which closed at \$230, leaving India in 1981 in early trading on the London market...

Table with columns for Metal, Grade, Price, and Change. Includes Copper, Zinc, Lead, Tin, and Nickel.

SILVER

Silver was fixed 3.45p an ounce higher for spot delivery in the London market...

Table with columns for Silver Price, Bullion Price, and Business Done.

RUBBER

The London physical market opened slightly weaker; attracted little interest throughout the day...

Table with columns for Rubber Price, Business Done, and Other Data.

AMERICAN MARKETS

NEW YORK, June 11. Precious metals were nominally unchanged as the markets did not react to the political news in the Middle East...

Table with columns for Market, Price, and Business Done. Includes Soybean Meal, Soybean Oil, and Cotton.

WEEKLY PRICE CHANGES

Large table showing weekly price changes for various commodities like Metals, Grains, Oils, and Seeds.

INDICES

Table showing financial indices like Nikkei, Dow Jones, and others.

COFFEE

ICO indicator price for June 10 (U.S. cent per pound) was 127.75.

Table with columns for Coffee Price, Business Done, and Other Data.

SOYABEAN MEAL

SOYABEAN OIL-The market opened 2.20 higher in midday trading...

Table with columns for Soybean Meal Price, Business Done, and Other Data.

POTATOES

LONDON POTATO FUTURES-After initial easing, prices recovered on weekend buying...

Table with columns for Potato Price, Business Done, and Other Data.

GAS OIL FUTURES

After a weaker opening, the market fell further on the news of a Middle East ceasefire...

Table with columns for Gas Oil Price, Business Done, and Other Data.

GOLD MARKETS

Gold fell \$1 an ounce in the London bullion market yesterday to close at \$326.257.

Table with columns for Gold Price, Business Done, and Other Data.

LONDON OIL SPOT PRICES

CRUDE OIL-FOB (per barrel)

Table with columns for Oil Price, Business Done, and Other Data.

Satellite TV exhibition

THE UK's first international cable and satellite television exhibition-CASTLE 83-will take place in Birmingham...

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol, Last, Nov, Last, Feb, Last, Stock. Lists various options series and their trading volumes and prices.

CORPORATION AND COUNTY

Table with columns: Series, Vol, Last, Nov, Last, Feb, Last, Stock. Lists various corporation and county options series.

COMMONWEALTH GOVT

Table with columns: Series, Vol, Last, Nov, Last, Feb, Last, Stock. Lists various commonwealth government options series.

Stock Exchange dealings

Details of business done shown below have been taken with consent from the London Stock Exchange Official List and should not be reproduced without the consent of the LSE.

Main body of stock exchange dealings, including various company names and their respective stock prices and movements.

Financial Times Saturday June 12 1982 (repeated header information).

MISCELLANEOUS, FINANCIAL TRUSTS, INSURANCE, INVESTMENT TRUSTS, T-U-V, L-M, BREWERIES, CORPORATIONS-Foreign, BANKS, DISCOUNT, FOREIGN STOCKS, COMMONWEALTH GOVT, LONDON TRADED OPTIONS, COMMERCIAL INDUSTRIAL.

BASE LENDING RATES

Table listing various banks and their base lending rates, including Allied Irish Bank, American Express, etc.

UK PUBLIC BONDS

Table listing various UK public bonds and their details, including Agricultural Mortgage, Treasury, etc.

COMMONWEALTH GOVT

Table listing various commonwealth government securities and their details.

LONDON TRADED OPTIONS

Table listing various options traded on the London exchange, including BP, Shell, etc.

COMMERCIAL INDUSTRIAL

Table listing various commercial and industrial companies and their stock prices.

APPOINTMENTS

Senior posts at Thames TV, listing appointments for various roles such as Managing Director, Director of Finance, etc.

APPOINTMENTS

Senior posts at Thames TV (continued), listing appointments for various roles.

UTILITIES

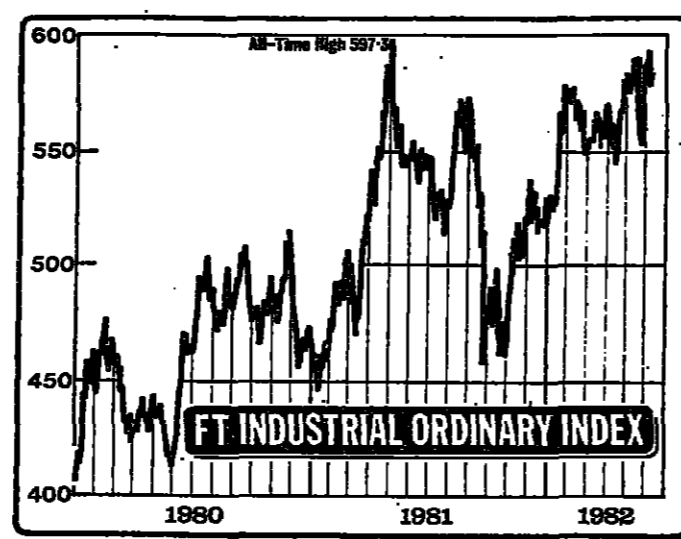
Senior posts at Thames TV (continued), listing appointments for various roles.

Companies and Markets

LONDON STOCK EXCHANGE

Middle East ceasefire reverses recent market decline
Gilts lead aided by US events but equities also rally

Account Dealing Dates
Option Declared Last Account
Dealing from Dealings Day
June 7 June 17 June 18 June 28
June 21 July 1 July 2 July 12
New time dealing may take place from 9 am two business days earlier.
48 48 48 48 48 48



Unprecedented news of the Middle East ceasefire caused London equity markets to change direction yesterday. Initially, leading shares had continued the previous two-day easier trend on concern over the situation, but carries about mounting upward pressures on domestic wages and the extent of recent British losses in the Falklands were other deterrents to potential investors.

The reported modest progress towards resolving the prolonged controversy surrounding the U.S. 1983 Budget deficit made little impact on equity markets but Gilts edged markets, aware that U.S. bonds had responded sharply late on Thursday to the cheerful note of the receipt of Middle East reports of the truce shortly after the opening supported both main investment areas and tempted some investors to part with funds.

This applied particularly to Gilts, which experienced increases in demand, switching account but also in straight investment demand. Sterling's good recovery yesterday was a helpful influence and longer-dated stocks regained as much as 1% of the losses incurred earlier in the week. The new short tap, £30-paid Treasury 12 1/2 per cent Convertible 1986, which made its debut on Thursday, improved 1/2 to 30 1/2. The Government broker refused a bid of 30 1/2 for supplies of the stock.

In the wake of a strengthening Gilts-edged market, leading shares became more confident with hopes hardening that Wall Street might stage a good rally at the opening. The short tap, £30-paid Treasury 12 1/2 per cent Convertible 1986, which made its debut on Thursday, improved 1/2 to 30 1/2. The Government broker refused a bid of 30 1/2 for supplies of the stock.

from one particular quarter took Antofagasta Railway up 6 points to a peak for the year of 92. Minet active
The subject of strong speculative buying late on Thursday on talk of a 275p dawn raid from overseas, possibly from Corroon and Black at a 20 per cent stake in the company, Minet improved to a fresh 1982 peak of 225p before reacting to 200p in the absence of developments between the two parties. Corroon, rallying sharply in active trading to end the day a net 6 lower at 215p, still 19 up on the week. C. E. Heath, recently mentioned as a possible merger partner for Corroon, also found good support and advanced 13 to 33p, while Willis Faber were notable for a gain of 11 to 49p, after 48p. Life issues performed well, still reflecting Liberty-Life Association of £1.5m increased stake of 24 per cent in the company. Sun Life jumped 16 to 356p, while Legal and General, 270p, and Equity and Law, 408p, firmed 10 pence. Composites contributed to the overall buoyancy and Royal, still drawing strength from an investment recommendation, closed 13 to the good at 360p. Sun Alliance put on 10 to 75p as did Phoenix, 254p.

The Board's warning that the company's annual profits will be materially less than reported for the first six months completely demoralised Ward and Goldstone which plummeted 27 to a 1982 low of 75p. Among other secondary Electricals, Henry Wigfall lost 5 to 112p, after 110p, following a 33.7m deficit and omission of the final dividend. The leaders, however, were featured by a fresh advance of 8 to 468p in Plessey on defence spending considerations. Rascal, which reported preliminary figures on June 22, added a similar amount at 490p, GEC hardened a few points to 837p, after 840p. Sonic Sound fell 4 to 44p, after 40p, making a decline of 18 on the week after comment on the interim results: the 1982 high was 120p. Elsewhere in Stores, Church shed 5 to 182p as did Polly Peck to 360p. Wearwell eased 2 to 57p following the half-year results.

Inclined easier initially, leading Engineers rallied and finished the day on a firm note. Vickers, a dull market earlier on the week, turned distinctly better following news of a major U.S. navy contract and closed 5 to 215p, after 210p, improved 6 to 344p and GKN 3 to 165p. TI held steady at 128p after recent weakness on a broker's downward revision of profit estimates. Elsewhere, NEI revived with a gain of 3 to 247p, while Westland attracted buyers and put on 4 to 122p. Chemring, in contrast, reacted 20 to 380p in a restricted market following the interim figures. Still reflecting the poor preliminary results, B. Elliott eased 3 to 215p, after 220p, following the chairman's non-optimistic statement at the annual meeting. Stewart Plastics put on 4 to a 1982 peak of 147p, but Wolstenholme Rink, at 120p, lost the previous day's gain of 5.

Ward & Goldstone flat

The Board's warning that the company's annual profits will be materially less than reported for the first six months completely demoralised Ward and Goldstone which plummeted 27 to a 1982 low of 75p. Among other secondary Electricals, Henry Wigfall lost 5 to 112p, after 110p, following a 33.7m deficit and omission of the final dividend. The leaders, however, were featured by a fresh advance of 8 to 468p in Plessey on defence spending considerations. Rascal, which reported preliminary figures on June 22, added a similar amount at 490p, GEC hardened a few points to 837p, after 840p. Sonic Sound fell 4 to 44p, after 40p, making a decline of 18 on the week after comment on the interim results: the 1982 high was 120p. Elsewhere in Stores, Church shed 5 to 182p as did Polly Peck to 360p. Wearwell eased 2 to 57p following the half-year results.

Pilkington rally

Nervously sold of late awaiting the annual figures, Pilkington rallied 10 to 238p, after 242p, in response to the preliminary profits which were above recent pessimistic forecasts. Other miscellaneous industrial leaders

recovered from a dull start. Turner and Newall improved 3 to 66p on the possible sale of its PVC resins business in County Durham to Norsk Hydro for around £25m. Glaxo put on 5 to 710p. Elsewhere, recovery hopes in the wake of the poor results helped UKO International to rally from an initially depressed level of 35p to finish a net 3 up at 42p, while Eskidne House advanced 4 to 56p on hopes of a bid from Solaresa S.A. (Spain). Speculative buying lifted Avon Rubber 4 to 69p and helped Johnson Cleaners to pick up 6 to 231p. Jardine Matheson rose 11 to 173p in response to Press comment and Diploma firmed 8 to 268p on defence spending hopes. Brown Boveri Kent hardened 24 to 30p following the chairman's AGM statement but Burco Dean fell 3 to 25p on the increased loss. Sotobey's dipped 5 for a two-day setback of 17p.

Renewed demand in a restricted market lifted book publishers Routledge and Keegan Paul 20 for a gain of 245p. Satchell and Satchell lost 5 to 410p and the new nil-paid shares a like amount to 80p premium, but Geers Gross put on 8 to a 1982 peak of 150p. Oliver Paper Mill added 2 to 32p following a Press mention. Leading Properties went better after a cautious start, but drifted off again in late dealing. Land Securities settled 3 dealer on balance at 277p, after 278p, while M&P reverted to the overnight level of 195p, after 196p. Associated Dairies settled 4 to 400p, after 400p, while Control Securities, 24 up at 43p, had sold its stake in the company. Fairview Estates met modest support and added 2 to 110p, as did Greycoat Estates, a like amount to the good at 130p.

London Financials staged a smart recovery after the heavy losses sustained on Wednesday and Thursday. Rio Tinto Zinc recouped 11 to 385, but remained 30 down on the week reflecting the recent dismal performance of copper prices on the London Metal Exchange. Financials were highlighted by renewed selling of De Beers, 9 down at a 1982 low of 194p, prompted by overnight U.S. offerings. The Bermuda-based Minorex dipped 5 to a 1982 low of 290p.

A technical rally in overnight Sydney and Melbourne markets encouraged good support for Australians, notably the leading issues. CRA added 10 to 172p. Western Mining 8 to 196p and BHP 7 to 160p.

Business Options contracts were further contracted even further with only 786 deals done compared with the previous day's 1,095 and Monday's 2,280. RTZ attracted a moderate interest, recording 53 calls and 111 puts.

RECENT ISSUES

Table with columns: Issue, Amount, Date, Price, etc. Lists recent issues like 2250 F.P. 15.6, 48 F.P. 11.1, etc.

EQUITIES

Table with columns: Issue, Price, Change, etc. Lists various equity issues like 2250 F.P. 15.6, 48 F.P. 11.1, etc.

FIXED INTEREST STOCKS

Table with columns: Issue, Price, Change, etc. Lists fixed interest stocks like 100 F.P. 14.7, 100 F.P. 14.7, etc.

"RIGHTS" OFFERS

Table with columns: Issue, Price, Change, etc. Lists rights offers like 10 F.P. 17.5, 10 F.P. 17.5, etc.

FINANCIAL TIMES STOCK INDICES

Table with columns: Index, June 11, June 10, June 9, June 8, June 7, June 6, June 5, June 4, June 3, June 2, June 1, 1981. Lists indices like Government Secs, Fixed Interest, Industrial Ord., etc.

HIGHS AND LOWS S.E. ACTIVITY

Table with columns: Index, High, Low, S.E. Activity. Lists various indices and their activity.

LEADERS AND LAGGARDS

Table with columns: Index, Change, etc. Lists leaders and laggards like Health and Household Products, Tobacco, etc.

OPTIONS

Table with columns: Index, Change, etc. Lists options like First Last Declared, etc.

RISES AND FALLS

Table with columns: Index, Rise, Fall, etc. Lists rises and falls like British Funds, Govt. Bonds, etc.

NEW HIGHS AND LOWS FOR 1982

Table with columns: Index, High, Low, etc. Lists new highs and lows for 1982 like British Funds, Govt. Bonds, etc.

ACTIVE STOCKS

Table with columns: Index, Change, etc. Lists active stocks like British Funds, Govt. Bonds, etc.

THURSDAY'S ACTIVE STOCKS

Table with columns: Index, Change, etc. Lists Thursday's active stocks like British Funds, Govt. Bonds, etc.

5-DAY ACTIVE STOCKS

Table with columns: Index, Change, etc. Lists 5-day active stocks like British Funds, Govt. Bonds, etc.

RESULTS AND ACCOUNTS IN BRIEF

PORTER CHADBURN (maker of brewery and mining engineering equipment) results for year to January 1982 reported on May 14. Shareholders' profits £5.7m (1981: £5.7m); current assets £1.2m (1981: £1.2m); working capital £25.0m (1981: £25.0m).

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

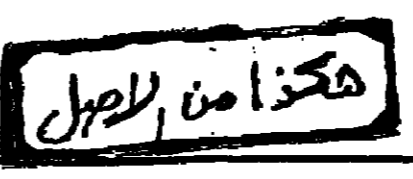
Large table with columns: Equity Groups & Sub-sections, Fri June 11 1982, Highs and Lows Index, etc. Lists various equity groups and their performance.

FIXED INTEREST

Table with columns: Index, Price, Change, etc. Lists fixed interest indices like British Government, etc.

Table with columns: Equity section or group, Base date, Base value, etc. Lists equity sections and their base values.

NAME CHANGE: Mercantile Inc. Trust is now Fleming Mercantile Inc. Trust (2)



INSURANCE & OVERSEAS MANAGED FUNDS

INSURANCES

Table listing various insurance companies and their products, including Royal Indemnity, Norwich Union, and others.

Table listing various insurance companies and their products, including Life Assur. Co. of Pennsylvania, Lloyds Life Assurance, and others.

Table listing various insurance companies and their products, including Norwich Union Insurance Group, Phoenix Assurance Co. Ltd., and others.

Table listing various insurance companies and their products, including Phoenix Assurance Co. Ltd., Phoenix Assurance Co. Ltd., and others.

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Table listing various insurance companies and their products, including Phoenix Assurance Co. Ltd., Phoenix Assurance Co. Ltd., and others.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas managed funds, including various international investment funds.

Table listing offshore and overseas managed funds, including various international investment funds.

NOTES: Prices are in pence unless otherwise indicated and UK designations refer to the U.S. dollar.

FT SHARE INFORMATION SERVICE



BRITISH FUNDS

Table of British Funds with columns for Name, Shares, Price, and % Change. Includes 'Shorts' (Lives up to Five Years) and 'Five to Fifteen Years'.

Over Fifteen Years

Table of funds categorized as 'Over Fifteen Years'.

Undated

Table of undated funds.

Index-Linked & Variable Rate

Table of index-linked and variable rate funds.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

Table of international bank and overseas government sterling issues.

CORPORATION LOANS

Table of corporation loans.

COMMONWEALTH AND AFRICAN LOANS

Table of commonwealth and African loans.

LOANS Public Board and Ind.

Table of public board and industrial loans.

LOANS—Continued

Table of continued loans.

FOREIGN BONDS & RAILS

Table of foreign bonds and rails.

AMERICANS

Table of American stocks.

CANADIANS

Table of Canadian stocks.

BANKS AND HIRE PURCHASE

Table of banks and hire purchase.

BANKS & H.P.—Cont.

Table of continued banks and hire purchase.

Hire Purchase, etc.

Table of hire purchase and other services.

BEERS, WINES AND SPIRITS

Table of beer, wine, and spirit stocks.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building industry, timber, and roads stocks.

ELECTRICALS

Table of electrical stocks.

CHEMICALS, PLASTICS—Cont.

Table of continued chemicals and plastics.

DRAPERY AND STORES

Table of drapery and stores.

ENGINEERING

Table of engineering stocks.

ENGINEERING MACHINE TOOLS

Table of engineering machine tools.

CHEMICALS, PLASTICS

Table of chemicals and plastics.

ENGINEERING—Continued

Table of continued engineering.

FOOD, GROCERIES—Cont.

Table of continued food and groceries.

HOTELS AND CATERERS

Table of hotels and caterers.

INDUSTRIALS (Misc.)

Table of miscellaneous industrial stocks.

FOOD, GROCERIES, ETC.

Table of food, groceries, etc.

Table of food, groceries, etc. (continued).

Table of hotels and caterers (continued).

Table of industrials (miscellaneous) (continued).

Table of food, groceries, etc. (continued).

Table of hotels and caterers (continued).

Table of industrials (miscellaneous) (continued).

Table of food, groceries, etc. (continued).

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Table of industrials (miscellaneous) (continued).

Table of food, groceries, etc. (continued).

Table of hotels and caterers (continued).

Table of industrials (miscellaneous) (continued).

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مكتبة الامن والصل

INDUSTRIALS—Continued

Table of industrial stocks including Johnson & Johnson, Johnson & Johnson, Johnson & Johnson, etc.

LEISURE—Continued

Table of leisure stocks including British Airways, British Airways, British Airways, etc.

PROPERTY—Continued

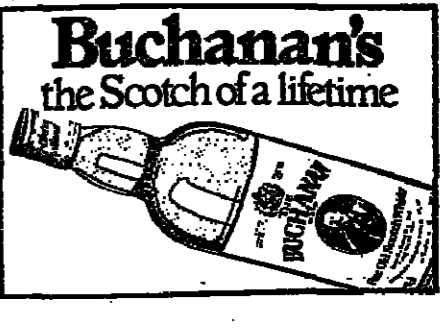
Table of property stocks including British Land, British Land, British Land, etc.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including British Land, British Land, British Land, etc.

OIL AND GAS—Continued

Table of oil and gas stocks including British Petroleum, British Petroleum, British Petroleum, etc.



MINES—Continued

Table of mines stocks including Anglo American, Anglo American, Anglo American, etc.

MOTORS, AIRCRAFT TRADES

Table of motors and aircraft trades stocks including British Aerospace, British Aerospace, British Aerospace, etc.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including News International, News International, News International, etc.

PAPER, PRINTING ADVERTISING

Table of paper, printing, and advertising stocks including News International, News International, News International, etc.

SHIPPING

Table of shipping stocks including British Overseas Airways, British Overseas Airways, British Overseas Airways, etc.

SHOES AND LEATHER

Table of shoes and leather stocks including British Overseas Airways, British Overseas Airways, British Overseas Airways, etc.

SOUTH AFRICANS

Table of South African stocks including Anglo American, Anglo American, Anglo American, etc.

TEXTILES

Table of textile stocks including Anglo American, Anglo American, Anglo American, etc.

TOBACCO

Table of tobacco stocks including Anglo American, Anglo American, Anglo American, etc.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including Anglo American, Anglo American, Anglo American, etc.

PROPERTY

Table of property stocks including Anglo American, Anglo American, Anglo American, etc.

INSURANCE

Table of insurance stocks including Anglo American, Anglo American, Anglo American, etc.

LEISURE

Table of leisure stocks including Anglo American, Anglo American, Anglo American, etc.

OVERSEAS TRADERS

Table of overseas traders stocks including Anglo American, Anglo American, Anglo American, etc.

RUBBERS AND SISALS

Table of rubbers and sisals stocks including Anglo American, Anglo American, Anglo American, etc.

TEAS

Table of tea stocks including Anglo American, Anglo American, Anglo American, etc.

MINES

Table of mines stocks including Anglo American, Anglo American, Anglo American, etc.

REGIONAL AND IRISH STOCKS

Table of regional and Irish stocks including Anglo American, Anglo American, Anglo American, etc.

OPTIONS

Table of options stocks including Anglo American, Anglo American, Anglo American, etc.

REGIONAL AND IRISH STOCKS

Table of regional and Irish stocks including Anglo American, Anglo American, Anglo American, etc.

OPTIONS

Table of options stocks including Anglo American, Anglo American, Anglo American, etc.

RECENT ISSUES AND RIGHTS

Table of recent issues and rights stocks including Anglo American, Anglo American, Anglo American, etc.

FINANCIAL TIMES

Saturday June 12 1982

R Property Investment, Development and Construction
T Rush & Tompkins
 01-300 3388

hover channel
 travel is bigger, better, faster with Super 4.
 British Hover Corporation

MAN IN THE NEWS

Bloody and daring warrior

BY DAVID LENNON IN TEL AVIV

THE ARCHITECT of the Israeli blitzkrieg on Lebanon General Ariel "Arik" Sharon is either a military genius or a bloodthirsty megalomaniac depending on who you talk to in Israel. The former paratrooper officer who last year finally fulfilled one of his dreams by becoming Israeli Defence Minister, has been described as "a war looking for a place to happen."

This week the war happened and the Middle East looked once again to be on the brink of causing a super power confrontation as Israel's American backers tried to fend off Soviet threats about intervention if the Israelis attacked Syria.

Former defence minister Ezer Weizman depicts Sharon as a man "striding through life as a man who tends to leave behind him a wide swathe of bitter enemies, disappointed sympathisers and fervent admirers."

"Arik, King of Israel" the adoring mob called him after he led his troops in a dramatic



Ariel Sharon

crossing of the Suez Canal in October 1973 which turned the course of that war. It is not so certain that he will again be given this title by the mob, following this week's Israeli-Lebanon war.

He first came to prominence as founder and commander of the notorious 101 unit which specialised in cross-border retaliation raids against Palestinian guerrillas (then known as Fedayeen) in the Gaza Strip and on the West Bank then under Jordanian control. In one such raid his unit killed 68 Jordanians, half of them women and children. In the 1956 Sinai campaign Sharon disobeyed orders in a move that cost 38 Israeli dead and 130 wounded. Had it not been for the friendship Sharon had made with David Ben-Gurion, he might well have been severely reprimanded, and his military career would have ended there and then. Sharon's actions in quietening down the Gaza Strip in the early 70s also brought criticism of excessive brutality.

In the 1973 Yom Kippur war, it was General Arik Sharon who masterminded the canal crossing in the west bank. By orthodox military measures, the attempt to establish a bridgehead was a disaster. Starting with a division, after 16 hours he managed to get a force of rather less than battalion strength across the canal, plus some armoured support. Just what happened, and why they were not completely wiped out by the Egyptians is not clear, but Sharon certainly created havoc behind the Egyptian lines after his crossing.

It is his qualities as a political thinker which have come under more critical scrutiny. He openly espouses the need to create a new Middle Eastern order in which Lebanon is at peace with Israel under a Christian government. Jordan he wants to turn into a Palestinian state, while all the territories of the occupied West Bank and Gaza strip are incorporated within the boundaries of the state of Israel.

While serving as Agricultural Minister in the last Begin government, he built dozens of Jewish settlements on the West Bank to help in the process of tying it irrevocably to Israel. Now, as Defence Minister, he has done his best to recreate a Christian dominated Lebanon. He has tried to crush the PLO, so that more moderate Palestinian elements can arise to leadership of this dispossessed people and eventually take over Jordan.

His next ambition is to be Prime Minister of Israel after Mr Begin retires. This is a prospect which fills many people in the Knesset and elsewhere with trepidation, as Sharon is not noted for his admiration of Western democratic process.

U.S. rules against Europe over subsidies on steel

BY ANATOLE KALETSKY IN WASHINGTON AND GILES MERRITT T IN BRUSSELS

THE U.S. Commerce Department has ruled that European steel exporters benefit from unfair government subsidies in violation of international trading agreements.

With immediate effect it will require payments from individual exporters, equal to their levels of subsidy in a momentous challenge to European trading and industrial policies.

British Steel, the EEC corporation found to have the highest subsidy, will have to pay 40.36 per cent of the market value of its exports to the U.S. The British private steel industry was found to be unsubsidised and will not suffer countervailing duties.

Most French and Belgian exporters will have to make payments of about 20 per cent. Subsidies to West German manufacturers have been found to be small—0.6 per cent, in the case of Krupp and negligible for Thyssen, the country's biggest steelmaker.

Announcing the findings yesterday, the Commerce Department said it was well aware of the far-reaching significance of the decisions.

Mr Lionel Olmer, Under Secretary of Trade, said: "These issues go to the heart of the European steel industries' efforts to restructure themselves under government guidance."

Mr Gary Horlick, the official primarily responsible for the investigations, said the U.S. actions were so important to the Europeans "that they will have to challenge us."

He insisted that U.S. decisions are entirely compatible with the General Agreement of Tariffs and Trade and said that if the Europeans could find U.S. products benefiting from government subsidies which violate GATT they would be "fully within their rights to impose countervailing duties."

In Brussels Vice-Minister Etienne Davignon, the EEC Industry Commissioner, made it clear that direct retaliatory action against U.S. agricultural products—which constitute the bulk of U.S. exports to the Community—is not envisaged.

The damage the U.S. duties will do to European steel-makers' sales there is far from clear. Mr Davignon said it was clear that direct retaliatory action against U.S. agricultural products—which constitute the bulk of U.S. exports to the Community—is not envisaged.

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Reagan launches 'Berlin initiative'

By Leslie Collett in Berlin

PRESIDENT REAGAN yesterday proposed wide negotiations with the Soviet Union to reduce the danger of an accidental nuclear attack and to convene a European disarmament conference.

Mr Reagan launched what he called a "new Berlin initiative" of confidence-building measures in East and West during a three-hour visit to West Berlin which ended his nine-day European tour.

As he spoke to 20,000 West Berliners in the grounds of Charlottenburg Palace, clashes took place outside between demonstrators and police. Petrol bombs were thrown and the police used teargas and water cannon. There were 280 arrests.

In the palace grounds, the invited audience waved American flags and roared approval as the President quoted the popular song "Berlin bleib/bleich Berlin" (Berlin stays Berlin).

Mr Reagan said he would propose to Moscow that the two superpowers exchange advance information on strategic nuclear exercises and test-firing of nuclear missiles.

The President said the U.S. was ready to work with the Soviet Union in "careful cooperation" if the Soviet leaders were prepared to do the same.

He reiterated that the U.S. was ready to cancel its deployment of Pershing II and cruise nuclear missiles in Western Europe if the Soviet Union scraps its SS4, SS5 and SS20 medium-range missiles.

He repeated an offer made in Bonn that Nato and the Warsaw Pact reduce their combined ground and air forces in Central Europe to 900,000 men each.

If Moscow responded positively to these proposals, Mr Reagan said it could open the door to a European disarmament conference.

His proposals appear to go some way to assuaging the fears of many Europeans and Americans that his Administration was seeking nuclear parity with the higher level of missiles and warheads.

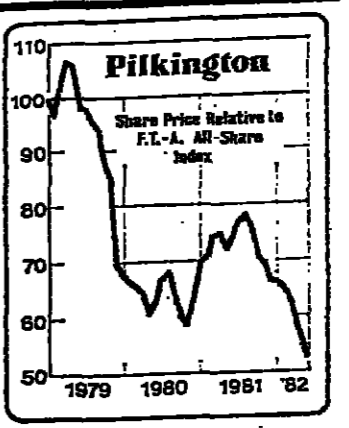
Mr Reagan earlier visited Checkpoint Charlie, the Berlin Wall's only road crossing for non-Germans to East Berlin.

In his speech he said: "I would like to ask the Soviet leaders one question—I may stuff it in a bottle and throw it over the wall—why is that wall there? Why are they afraid of freedom on their side? The truth is that they know that freedom is catching."

THE LEX COLUMN

Pilkington feels the draught

Index rose 5.7 to 584.2



After the intense disappointment caused by Pilkington's interim figures, the market was taking few chances with yesterday's preliminary statement. As it turned out, the shares recovered the week's losses with a 10p rise to 238p. But there was precious little cause for enthusiasm in the statement itself.

Pre-tax profits for the year to March have fallen 34 per cent to £53.4m. UK trading losses total £41.3m, of which roughly half represents redundancy costs. After the payment of overseas tax, ACT and minority charges, there is an attributable loss of £3.3m. The figures are admittedly not flattered by an additional depreciation charge of £32.9m.

It is hard to see where the growth will come from this year. Licensing income, which accounted for just over half of last year's pre-tax figure, is scheduled to drop by a third as patent agreements run out. The UK loss should be much smaller, as cost benefits show and the level of redundancy payments fall. But price pressures are still intense and volume is very weak. In fibre glass insulation, the most depressed area, volume is down 15 per cent.

European flat glass capacity is still far too high, particularly since the Luxguard price reduction came on stream, and currencies are unlikely to be much help. A devaluation of the French Franc would only intensify the pressure. In West Germany, Flachglas profits were roughly halved and, with the economy still turning down, will almost certainly be worse still this year.

The other overseas companies are still performing well but, even after a sharp reduction in the UK loss, it is hard to see Pilkington making much over £60m pre-tax this year. The balance sheet is solid enough, with shareholders funds of £960m supporting net debt of £250m, but the chronic ACT problem will probably not encourage largesse on the dividend front. The yield at present is only 6.5 per cent.

U.S. associate Cannon-Muskeron, and the contribution from associates has fallen to negligible levels.

Cash management remains the company's strong suit, and the outflow in the last six months has been held to £1.4m. Nevertheless, the drain on resources has pushed up net debt from 75 per cent to 83 per cent of shareholders' funds, so it looks as if more disposals are on the cards. Meanwhile, short-term relief looks unlikely, as profits remain difficult and the offshoring industry may prove a poor customer. Investors who took a punt on the loan stock—which offered a 30 per cent redemption yield at the beginning of the year—can begin to congratulate themselves. Perhaps they should consider switching their winnings into the ordinary stock, down from 22p earlier in the year to 12p, unchanged yesterday, where the company is capitalised at about £13m.

Turner & Newall

Turner & Newall has made little secret of its urgent need to release cash by the disposal of unproductive assets. The problem has been to identify businesses which can be sold at close to book value. With net debt equivalent to roughly 50 per cent of shareholders' funds and many write-offs are most unwelcome.

T & N is not the first company to square this apparent circle via the "Oslo solution," devised by Norsk Hydro, the Norwegian energy company. Only a few months after buying the fertiliser interests of Fisons for around £50m, Norsk is paying £25m for the PVC resin and compound interest of BIP Vinyls, the T & N subsidiary. It has a further option to buy the BIP pipes business.

Norsk can integrate BIP's downstream operations with its own production strengths, but it is still paying a full price for a business which is under intense margin pressure and is unlikely to show a return for about two years. The sale is being made almost at book worth.

The proceeds will be very welcome to T & N but may not fully offset this year's underlying cash outflow. So more disposals must be on the cards. Storey Brothers, in the same industry as BIP, might be one candidate but more reorganisation is probably needed before it becomes saleable. In the meantime, Norsk Hydro cannot be short of offers elsewhere.

Lesney calls in receivers

BY CHARLES BATCHELOR

LESENY PRODUCTS, makers of Matchbox models and one of the last major British toy companies, called in receivers yesterday.

The move followed a series of talks since February with companies all foreign, to see whether they could take over Lesney as a going concern, said Mr Gordon Hay, chairman, the man brought in two years ago to sort out Lesney's problems.

Faced with a cash shortage and the impossibility of raising money by even a discounted rights issue, Lesney's board decided the only way was to seek outside support.

The decision has come at a time of problems generally for the toy industry, hit by cheap imports and pressure on margins from large, multiple stores demanding discounts. It has found itself unable to respond rapidly to quickly-changing demand from its young customer.

Lesney has closed 10 of its 13 plants in the past 18 months, reduced staff levels by more than a third, and cut stocks and borrowings. In January last year, it employed 5,500 people.

But its bank borrowings rose to more than £20m as the new management's success in disposing of assets increased the company's already high level of borrowing relative to assets, and led to worsening of financial ratios.

Lesney has been backed by a consortium of nine banks headed by Midland, which had, Mr Hay said, been "very supportive."

The company has yet to produce accounts for the year to January, but is believed to have reduced its £18m 1980 loss to about £5m on sales £17m lower, at £73m.

Its 5p shares were suspended yesterday at 11p, after trading between a high of 18p and a low of 10p this year.

The joint receivers are Mr Guy Parsons and Mr Richard Agat, of the accountants Peat, Marwick, Mitchell.

The company hopes to continue normal trading despite the receivership, though customers have proved reluctant to place orders in the past when the company's future appeared in doubt.

Mr Parsons said that within hours of his appointment he had been contacted by a number of British companies who had expressed an interest in the business.

"I feel there is the nucleus of a very good business, and I am confident that we will find a solution," he said.

News analysis, Page 4

Turner and Newall in £25m deal

BY SUE CAMERON

TURNER AND NEWALL group is planning to sell its polyvinyl chloride (PVC) plastic resins and compounds business to the Norwegian State-owned Norsk Hydro Corporation for £25m.

Both companies were presenting the deal last night as a step towards the rationalisation of Western Europe's plastics industry, which is suffering from chronic over-capacity, low demand and weak prices.

Turner and Newall, whose interests strength from asbestos to plastics, said that although its PVC resins and compounds business made a small profit last year, prospects for it were not exciting. But it added that one of its main motives for selling was the group's need for cash. Its net borrowing rose from £117m in 1980 to £165m last year. Its UK operations have been hit hard by the recession, and in Zimbabwe, where it has asbestos mining interests, its business has been hit by the downturn in demand and by local legislation making it hard to lay off workers.

The deal with Norsk Hydro, which is expected to be completed by September, affects a modern, 88,000 tonnes a year PVC resin plant and a 40,000 tonnes a year compounds plant, both situated at Aycliffe in North-East England. The resin is used in making pipes and sheeting, while the PVC compounds go into the manufacture of such materials as cable coverings, medical tubing, window frames and shoe soles.

Earlier this year, Norsk Hydro agreed to buy the UK-based Fisons' fertiliser division for £50m.

The group produces vinyl chloride monomer—a raw material for making PVC—at its Raunef complex in Norway. Last year, it bought the remaining shares in Vinatex, a British PVC company based at Staveley in Derbyshire, from Staveley Chemicals.

Earlier this year, Norsk Hydro agreed to buy the UK-based Fisons' fertiliser division for £50m.

QE2 Continued from Page 1

electrifying whoops when the Royal yacht Britannia drew near with a brass band thundering out and the Queen Mother waving from the forward deck.

The Queen Mother, who had already sent her best wishes, passed on another message. She thanked the sailors, a good proportion of them still in their teens, for their tribute.

More hoopla was in store, and eyes were peeled for familiar faces in the throng as the ship neared Southampton Docks.

The 22 women in the Cunard crew of 700 had dates booked for weeks in advance. One young sailor was about to see his new son for the first time and the NAAFI volunteer who had held tight to a red hot machine gun on the Ardent was looking forward to a reunion with his girlfriend. He was in for a good deal of ribbing after marching ashore to "Every Nice Girl Loves a Sailor." His girlfriend's last words to him had been: "Don't go off being a hero."

But there was much sadness amid the excitement of the day. Captain Mark-Dyke spoke of the 19 men who went down with the Coventry: "We will never forget those who died, they are part of us and will remain so."

Sister Jane Yelland of the

Continued from Page 1

Nott

pointed out yesterday that the operation, which may involve 9,000 to 1,000 men on either side, was "very big" and had to be properly prepared.

Peter Riddell writes: Mrs Margaret Thatcher reiterated yesterday that Britain was "not demanding the unconditional surrender of Argentine forces." If the Argentine commander on the Falklands wished to do so.

FALKLANDS WEATHER: NW winds force 5 with 8ft waves. Partly cloudy skies with good visibility. Temps in high 30s.

OUTLOOK: W winds force 6 with 10ft waves. Mostly cloudy skies with good visibility except in scattered rain or snow showers. Temps in the 30s.

he would be allowed to withdraw all Argentine forces to the mainland "in dignity and good order. There need be no humiliation involved," she said in a letter to Mr Michael Foot, the Labour Party leader.

But she told him that she firmly rejected his call for the UK to return to the UN Security Council in the hope of resolving the Falklands crisis.

The general view at Westminster is that there will be no new diplomatic activity until Fort Stanley has been taken.

Weather

UK TODAY
 SUNNY with showers, becoming heavy in the South. London, E. and Cent. N. England, Midlands
 Early mist clearing to give sunshine and showers. Max. 18C (64F).
 S.E., S.W., N.W. and Cent. S. England, Wales, Channel Isles
 Heavy showers in places, sunny intervals. Max. 19C (59F).
 Lake District, N.E. England, S. Scotland, Isle of Man
 Mostly cloudy but brighter later. Max. 14C (57F).
 Elsewhere
 Sunny and showery. Max. 11C (52F).
 Outlook: Bright intervals, showers. Cooler.

WORLDWIDE

	Y'day	Today	Y'day	Today
	°C	°F	°C	°F
Ascension	25	77	25	77
Algeria	25	77	25	77
Amsterdam	15	59	15	59
Athens	25	77	25	77
Bahia	24	75	24	75
Barcelona	24	75	24	75
Beirut	13	55	13	55
Bombay	28	82	28	82
Bonair	21	69	21	69
Buenos Aires	15	59	15	59
Calcutta	27	80	27	80
Cardiff	15	59	15	59
Cebu	24	75	24	75
Copenhagen	15	59	15	59
Dublin	12	54	12	54
Edinburgh	12	54	12	54
Hong Kong	27	80	27	80
London	15	59	15	59
Lyons	15	59	15	59
Manila	27	80	27	80
Medan	27	80	27	80
Mexico City	27	80	27	80
Mumbai	27	80	27	80
Nairobi	27	80	27	80
Paris	15	59	15	59
Rangoon	27	80	27	80
San Francisco	15	59	15	59
Singapore	27	80	27	80
Sydney	27	80	27	80
Taipei	27	80	27	80
Tokyo	27	80	27	80
Yokohama	27	80	27	80

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